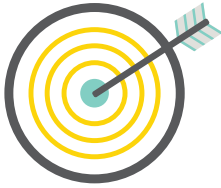




SUSTAINING
& ENHANCING
OUR CORE

ANNUAL REPORT 2021



OUR MISSION

TO DELIVER EXCELLENT QUALITY, COST EFFICIENT, PROFESSIONAL SERVICES TO ACHIEVE TOTAL CUSTOMER SATISFACTION



OUR VISION

TO BE THE BEST AND PREFERRED PARTNER FOR COMPLETE SOLUTIONS IN THE BUILT ENVIRONMENT



OUR VALUES

PEOPLE DEVELOPMENT

We offer fulfilling career prospects and develop the potential of every employee to build a highly committed and competent team that possesses integrity and adaptability.

PERFORMANCE AND ACCOUNTABILITY

We take ownership and initiative to achieve expected key performance indicators through continual learning and upgrading of our knowledge and skills.

CUSTOMER FOCUS

We offer high quality products and services with innovative and sustainable solutions to satisfy and exceed our customers' expectations.

RELATIONSHIP AND BONDING

We value and engage all stakeholders with trust, respect and care to achieve long term win-win situations.

TEAMWORK

We practise effective and open communication and seek cooperation and collaboration among stakeholders to achieve our desired goals.

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

CORPORATE PROFILE

Listed on Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 July 2013, ISOteam Ltd. (stock code: 5WF) is an established and leading player in Singapore’s building maintenance and estate upgrading industry. With more than two decades of Repairs & Redecoration (“**R&R**”) and Addition & Alteration (“**A&A**”) experience, we have successfully undertaken over 500 refurbishment and upgrading projects for over 5,000 buildings since inception in 1998.

Through our specialised subsidiaries, ISOteam offers a full range of services and solutions comprising specialist Coating & Painting (“**C&P**”) services and other complementary niche services (“**Others**”) including waterproofing, commercial interior design and home retrofitting (“**ID**”), landscaping, access equipment leasing, green solutions, mechanical and electrical works (“**M&E**”), pest control services, as well as project management and construction management services.

We are an eco-conscious company that integrates green methodologies in our projects, and actively work with strategic partners and technology companies to develop and commercialise green solutions and services such as solar panels installation and floating wetlands systems for the marine environment. Aligned to our green goals, we operate Singapore’s largest bike sharing operator, SG Bike, an environmentally sustainable bike sharing service which is backed by geostation docking technology.

Our reputation for quality, speed, and safety, together with a winning edge in eco-conscious innovations and capabilities in maintenance solutions has won our customers’ trust and confidence over the years. This has earned us many long-time customers. ISOteam has a diverse clientele that includes, amongst others, town councils, government bodies and private sector building owners.

In Singapore, ISOteam is the exclusive paint applicator for Nippon Paint Singapore and SKK Singapore for the public housing sector, and for SKK for Jurong Town Corporation (“**JTC**”) and Housing & Development Board (“**HDB**”) industrial projects and army camps.

For more information, please visit www.isoteam.com.sg.



Waterway View Estate, Punggol

OUR BUSINESS

Creating, Enhancing and Sustaining Singapore's Built Environment

Our Fully-Integrated
Multi-Disciplinary Capabilities

CYCLICAL AND LIFE CYCLE MAINTENANCE

- Repainting, repairs, and redecoration
- Waterproofing and reroofing
- Improvement works
- Routine property maintenance
- Term contract works

ESTATE UPGRADING AND ENHANCEMENT PROGRAMME

- Neighbourhood Renewal Programme ("NRP")
- Hawker Centres Upgrading Programme ("HUP")
- Estate Upgrading Programme ("EUP")
- Home Improvement Programme ("HIP")
- Electrical Load Upgrading ("ELU")

SPECIALIST COATING AND BUILDING RESTORATION SYSTEMS

- New build painting
- Eco-friendly coating
- Architectural and protective coating
- Fireproofing coating
- Niche industrial coating

ARCHITECTURAL & ENGINEERING SOLUTIONS

- Commercial A&A works
- Engineering works
- Architectural and commercial interior construction solutions
- Advanced building technologies



SG Bike at CBD Downtown



HDB Estate at Commonwealth Crescent



Jewel Bridge, Punggol Park Connector

OUR BUSINESS



Offshore Floating Solar Farm, Woodlands Senoko

INTERIOR DECORATION AND RETROFITTING

- Interior design and fitting-out
- Design and build works
- Home retrofit and fit-out services

PROJECT MANAGEMENT AND CONSTRUCTION MANAGEMENT SERVICES

- Design management
- Construction management
- Contract administration
- Turnkey design and build services
- Tenancy coordination and administration

M&E SERVICES

- Electrical and mechanical ventilation works
- Air conditioning works
- Sanitary and plumbing services
- Solar panel installation



Upgraded Playground

ECO-FRIENDLY SOLUTIONS

- Thermal insulating plaster
- Anti-slip floor coating
- Green label intumescent fireproofing coating
- Composite timber decking
- Cockroaches and Odour Remover ("CnO")

HANDYMAN SERVICES

- Home care and upgrading
- General repairs and maintenance

LANDSCAPING & HORTICULTURE

- Vertical greening
- Horticulture services and maintenance
- Floating wetland systems
- Niche landscaping and gardening services



Corporate Office at Solaris@Kallang, Kallang Way

GREEN MOBILITY SOLUTION

- SG Bike, the largest bicycle sharing operator in Singapore
- www.sgbike.com.sg

ACCESS EQUIPMENT SERVICES

- Leasing of boom lifts, scissor lifts, personnel lifts, forklifts, and telehandlers

GREEN PEST MANAGEMENT

- Pest control services

CERTIFICATIONS & ACCOLADES



ACCREDITATIONS

- ISO 9001 : 2015⁽¹⁾
- ISO 14001 : 2015⁽¹⁾
- ISO 45001 : 2018⁽¹⁾
- bizSAFE Level Star
- bizSAFE Level 3



ACCOLADES

- One Asia Awards 2015 (Distinguished Award)
 - 2011 Successful Entrepreneur
 - BCA Green Mark Certification
 - Singapore Green Building Council
- BCA Green and Gracious Builder Award (Excellent)
 - Singapore Health Award (Silver)



BCA LICENSES

- General Building (CW01) Grade B1 (≤\$40 million)
- Repairs and Redecoration (CR09) Grade L6 (No limit)
- Housekeeping, Cleansing, Desilting and Conservancy Service (MW02) Grade L1 (≤\$0.65 million)
 - Landscaping (MW03) Grade L3 (≤\$4 million)
- Interior Decoration and Finishing Works (CR06) Grade L6 (No limit)
 - Waterproofing Installation (CR13) Grade L3 (≤\$4 million)
 - General Builder (Class 1)
- Electrical Engineering (ME05) Grade L5 (≤\$13 million)

(1) For general building construction and provision of suspended scaffolding works.

CORPORATE STRUCTURE



**RAYMOND
CONSTRUCTION
PTE. LTD.**
100%
• A&A



**ISO-TEAM
CORPORATION
PTE. LTD.**
100%
• A&A
• R&R



**TMS
ALLIANCES PTE. LTD.**
100%
• R&R



**ISOTEAM
GREEN SOLUTIONS
PTE. LTD**
100%
• Eco-friendly
solutions & products



ISO-LANDSCAPE PTE.LTD.
100%
• Niche landscaping &
horticultural services



**ISOTEAM PROJECTS
PTE. LTD.**
100%
• Specialist A&A
• Architectural &
commercial interior design



**ISO-INTEGRATED M&E
PTE. LTD.**
100%
• M&E services
• Air conditioning
• Plumbing works



**ISOTEAM HOMECARE
PTE.LTD.**
100%
• Handyman services



**ISOTEAM ACCESS
PTE. LTD.**
100%
• Access equipment servies



ISOTEAM C&P PTE. LTD.
100%
• Specialised coating &
painting



**GREEN PEST
MANAGEMENT**
100%
• Pest control services



ZARA@ISOTEAM PTE. LTD.
51%
• Interior decoration &
retrofitting



SG BIKE
51%
• Singapore's largest bike-sharing company

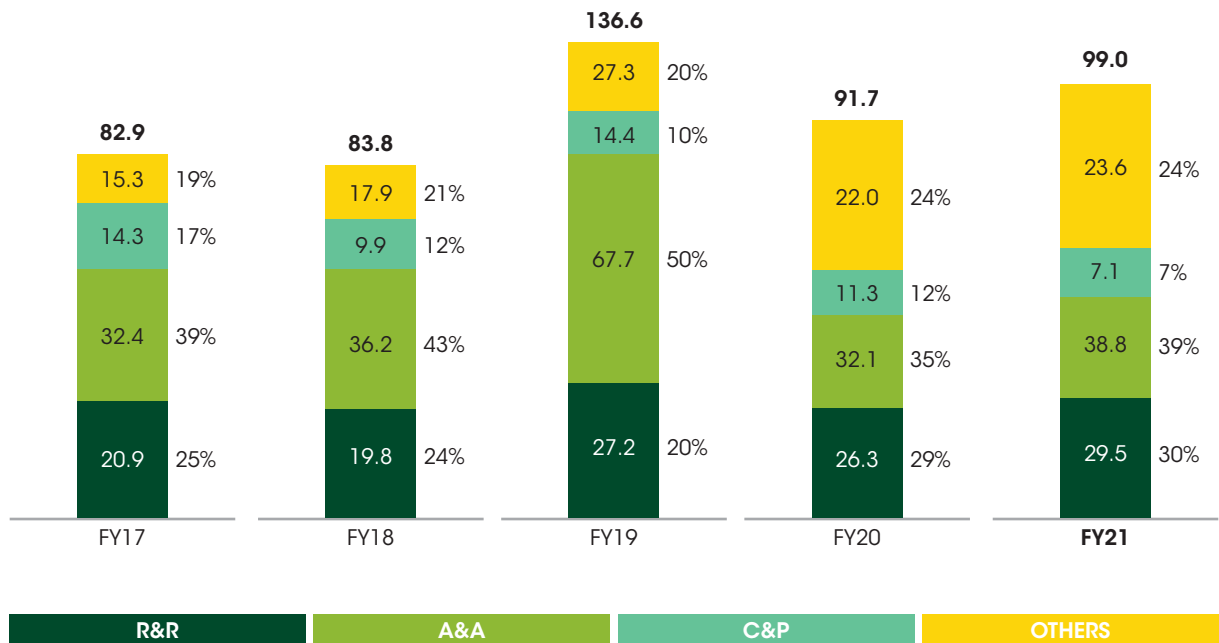


PURE GROUP
100%
• Project management
• Construction management and tenancy coordination

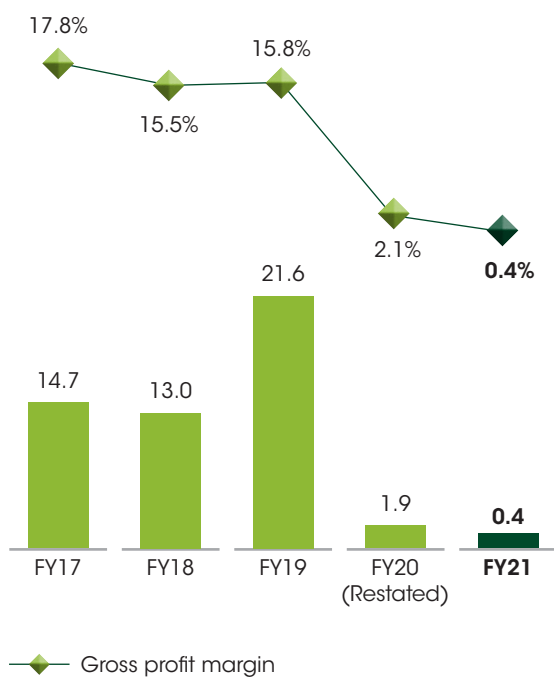
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE

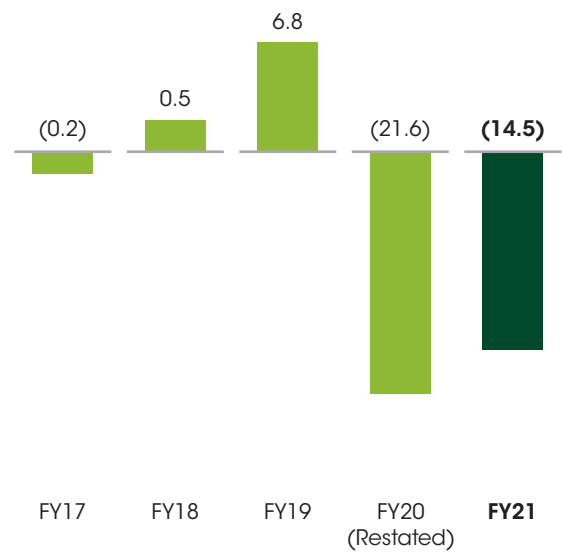
REVENUE (\$'M)



GROSS PROFIT (\$'M)

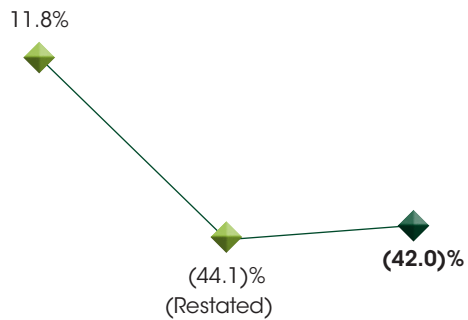
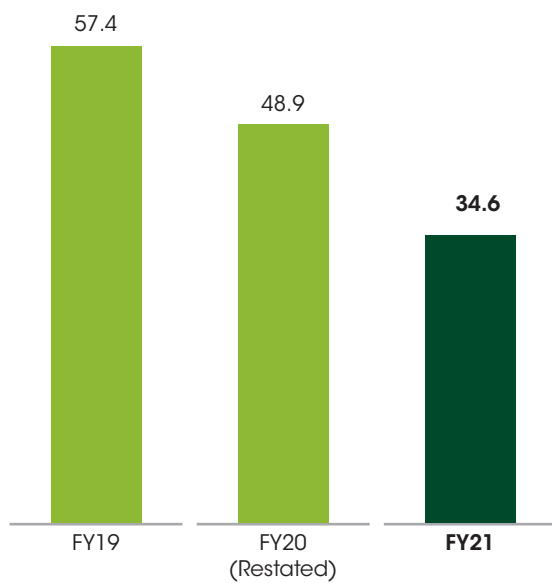


NET ATTRIBUTABLE PROFIT/(LOSS) (\$'M)

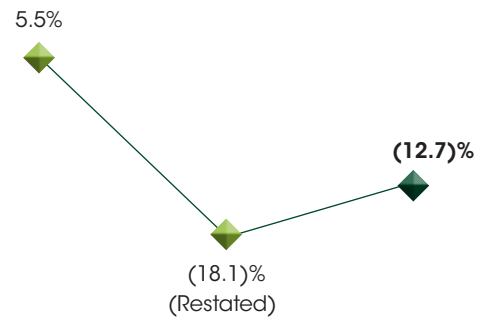


FINANCIAL
HIGHLIGHTS

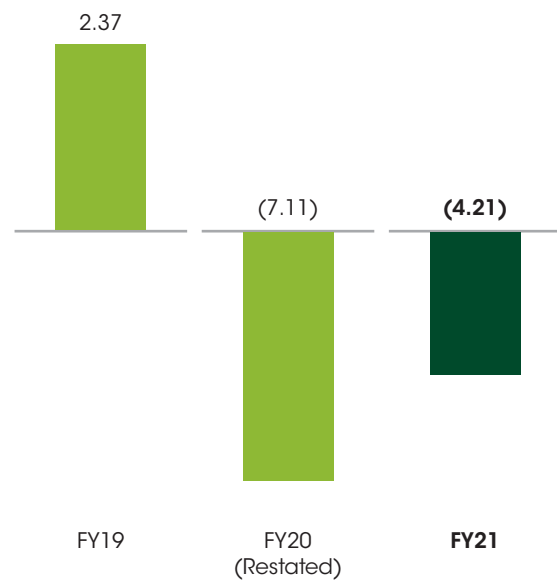
RETURN ON EQUITY (%)

ATTRIBUTABLE SHAREHOLDERS'
EQUITY (\$'M)

RETURN ON ASSETS (%)



EARNINGS/(LOSS) PER SHARE (¢)



JOINT CHAIRMAN AND CEO MESSAGE

Dear Shareholders

We are presenting our report card to you for the 12 months ended 30 June 2021 ("FY2021") amidst extremely tough conditions for the second year running. The challenges in today's operating environment are unlike any that we have encountered in more than two decades in the business.

Our FY2021 performance with revenue of \$99.0 million and a net attributable loss of \$14.5 million, was a reflection of the tough circumstances that all players in the construction and built-environment sector had faced since the start of the COVID-19 outbreak in early 2020. Border controls remained highly restrictive during the period under review, and we were unable to replace some of the foreign workers who had chosen to return to their home countries over the past two years.

Unlike past downturns when shortage of certain materials led to temporary price hikes or even price reductions due to lower demand, the COVID-19 pandemic had caused significant and sustained price increases across the board. The shortage and competition for manpower led to the poaching of staff among industry peers and drove up hiring costs as companies tried to attract workers with higher salaries. The cost of essential raw materials had also gone up exponentially due to supply chain disruptions.

All this was compounded by lower operational efficiency due to mandatory safe management measures, including controlling the number of workers per site and sending them for regular swab tests. We lived under the constant threat of stop-work orders should any of our workers be tested positive for the COVID-19 virus. Under such conditions and regardless of level of activity, contractors still had to bear the responsibility of overheads incurred during the course of the projects and this added to our costs.

Although the Building and Construction Authority provided some COVID-19 relief support, it gave the industry little respite from the relentless escalation in costs. As a result, there were many casualties, including smaller players who were unable to sustain their operations and closed down. Likewise, the adverse conditions had led to the Pure Group entities missing their stipulated profit target and we are now reassessing our plans for this business.



David Ng,
Executive Chairman

Anthony Koh,
Executive Director & CEO

IMPROVING EFFICIENCY, REDUCING COSTS

While data from the Ministry of Trade and Industry showed that the construction sector expanded in the second quarter of 2021¹, the industry is far from pre-COVID-19 levels.

Although we expect the situation to eventually improve as the economy picks up and more business activities return, the Group has in the meantime taken a long hard look at its operations and business model and made some necessary decisions in order to ride out the current conditions and cut our losses while protecting our profit.

Like what we have always done through both good and bad times, we will continue to tender for new projects to beef up our order book, which stands at \$165.2 million as at 30 June 2021. We will also focus on order book delivery and the realisation of revenue and explore ways to improve our productivity and manpower deployment through the use of technology.

Last year, we developed an in-house app, which enabled our project supervisors to do site inspections and record their observations via video links with on-site personnel without the need to be physically there. By cutting down on travelling time, each site supervisor can now take care of more sites.

This year, we piloted the use of drones to inspect the external façades of HDB blocks. It was first introduced in Tampines with tremendous success and we plan to roll it out across all our projects. It will help us do away with the time consuming and labour intensive work of manual inspections through the use of gondolas.

Following the success of the drones, we will continue to explore more ways to tap on technology including the use of robots for painting work in the future, which will greatly reduce our reliance on manpower.

PROSPECTS

ISOteam has always prided itself as a forward-looking company that tries to keep ahead of market trends. We believe that some of our past investments and early adoption of new methodologies as well as our multi-disciplinary capabilities puts us in a good position to evolve with

JOINT CHAIRMAN AND CEO MESSAGE

“We believe that some of our past investments and early adoption of new methodologies as well as our multi-disciplinary capabilities puts us in a good position to evolve with the needs of our industry and our customers.”

the needs of our industry and our customers. Meanwhile, our active and longstanding involvement in the Singapore government’s many infrastructure projects has also given us a strong track record that we can leverage.

In 2017, we cemented our relationship with Sunseap Group through a \$5.0 million investment in the company and it has continued to yield positive outcomes for us. In FY2021, we were proud to work with Sunseap Group to complete the deployment installation of the largest floating solar farm in the marine coastal environment at the Straits of Johor, off Woodlands. As Singapore looks to install more such floating solar farms and as the government pushes ahead to meet its 2030 national target to achieve 2 GWp, we believe our experience will hold us in good stead to secure more solar panel installation projects even as we seek to expand our capabilities in this area.

Other programmes that may bring opportunities for us include:

- URA’s Landscaping for Urban Spaces and High-Rises (“LUSH”) Programme, which includes plans to establish community gardens as well as urban farms on carpark rooftops to achieve the target for Singapore to produce 30% of its nutritional needs as a buffer from supply chain disruptions and to have 200 ha of high-rise greenery by 2030².
- HDB Green Print programme, which is a roadmap to better living in HDB Towns using green building technology to create smart homes and greener and cooler neighbourhoods³.
- Other ongoing public sector infrastructure upgrading projects that have been a source of recurring income for us include the five-yearly repainting of the external facades of HDB blocks; the Neighbourhood Renewal Programme, which occur every 12 to 15 years; the expanded Home Improvement Programme, which will see HDB homes being improved twice in their lifespan; the upgrading of older MRT stations; and also upgrading and renewal of national parks.

In addition, the Group is also pursuing private sector projects such as the upgrading of the city state’s hospitality sector.

We believe that more projects will become available and things will get better as vaccination rates go up and Singapore moves on from the COVID-19 pandemic into an endemic stage. We will continue to exercise financial prudence and manage our costs so as to improve our profitability.

APPRECIATION

We would like to thank Ms Ng Kheng Choo, who stepped down as an Independent Director in January, for her many years of counsel. We also warmly welcome Dr Teo Ho Pin as an Independent Director.

It has been a difficult two years and we want to thank our shareholders and our Board of Directors who have remained unwavering in their support of the Group.

To help the Group tide over this period, our management and business unit heads have taken pay cuts over certain periods in the past 18 months. We want to express our gratitude to our staff and management team, for having accepted the hard decisions that we have had to make to keep the business sustainable.

We are determined to emerge from this period more resilient, more efficient and stronger than before and we will do our utmost to ensure that the personal sacrifices of our employees and the trust that all our stakeholders have placed in ISOTeam will not be in vain.

David Ng

Executive Chairman

Anthony Koh

Executive Director & CEO

¹ Ministry of Trade and Industry press release: *MTI Upgrades 2021 GDP Growth Forecast to “6.0 to 7.0 Per Cent” (11 August 2021)*

² “More green spaces in high-rise buildings targeted for Singapore’s concrete jungle”. *The Straits Times*, 9 November 2017.

³ “From utilitarian flats to smart-enabled homes: How HDB’s designs evolved for the next generation”, *The Straits Times*, 4 October 2020.

BOARD OF DIRECTORS



01



02



03



04



05



06



07

01 DAVID NG CHENG LIAN
Executive Chairman

First Appointed: 12 Dec 2012
Last Re-elected: 29 Dec 2020

With over 35 years of experience in the building refurbishment and estate upgrading industry, Mr Ng heads the Board, aids the CEO in the corporate and strategic development of the Group and supports and advises senior management. One of his areas of expertise lies in occupational safety and health.

Before he co-founded the Group in 1998, he was a director of ISO-Build Corporation Pte Ltd and a manager at D&C Builders Pte Ltd where he oversaw workplace safety and equipment management. Prior to that, Mr Ng managed the suspended scaffold rental business as a project executive of Safewell Equipment Pte Ltd. He was also a suspended scaffold technician with Selat Chemicals Pte Ltd where he was responsible for the repair and maintenance of site equipment.

Mr Ng was awarded a Certificate in Construction Supervision by the Construction Industry Development Board of Singapore in 1994.

02 ANTHONY KOH THONG HUAT
Executive Director and
Chief Executive Officer

First Appointed: 12 Dec 2012
Last Re-elected: 26 Oct 2018

One of the co-founders of the Group, Mr Koh has over 30 years of experience in the building refurbishment and estate upgrading industry. An instrumental figure, he sets and implements the expansion plans and overall corporate and strategic development of the Group, as well as oversees key functions such as marketing and tendering strategies, budget and cost controls, and resource planning and allocation.

Before he co-founded the Group in 1998, Mr Koh was a director of ISO-Build Corporation Pte Ltd where he managed its projects and contracts and controlled the budget and costs. He worked at D&C Builders Pte Ltd from 1989 to 1994 where he moved up the ranks from a site supervisor, to project coordinator and subsequently to project manager. Prior to that, he was the site supervisor for Hongplast General Contractor Pte Ltd for a year.

Mr Koh obtained a Diploma in Building from the Singapore Polytechnic in

1988 and a Diploma in Marketing Management from Ngee Ann Polytechnic in 1994.

03 DANNY FOO JOON LYE
Executive Director

First Appointed: 12 Dec 2012
Last Re-elected: 30 Oct 2019

Mr Foo, who is a co-founder of the Group, is responsible for matters concerning compliance with workplace and on-site safety rules and regulations for projects undertaken by the Group. With over 30 years of experience in the building refurbishment and estate upgrading industry, Mr Foo manages manpower planning and procurement of machinery and equipment for the Group. He also administers quality assurance functions and ensures compliance with ISO 9001:2008, ISO 14001:2004 and OHSAS18001:2007 standards.

Prior to founding the Group, Mr Foo was a director of ISO-Build Corporation Pte Ltd managing project site work. From 1990 to 1994, he managed site work and coordinated suppliers and subcontractors for D&C Builders Pte Ltd where he started out as a site

BOARD OF DIRECTORS

supervisor, was promoted to project coordinator and subsequently to project manager.

Mr Foo holds a Diploma in Building awarded by Singapore Polytechnic in 1988.

04 RYOTA FUKUDA Non-Executive Director

First Appointed: 18 Feb 2020

Last Re-elected: 29 Dec 2020

Mr Fukuda, is a Non-Executive Director of the Group. He has 20 years of industry experience in investment banking and corporate finance and currently serves as Deputy Executive Officer of Taisei Oncho Co. Ltd. ("TOC"), where he manages the foreign subsidiaries of TOC's Overseas Business Division spearheading investment activities such as project sourcing, investment evaluation and execution and other corporate finance matters.

Mr Fukuda is responsible for building and maintaining the strong partnership between ISOteam and TOC, its Japanese partner and substantial shareholder.

Mr Fukuda's other directorships include Taisei Oncho Shanghai Engineering, Taisei Oncho Hong Kong Engineering, Taisei Oncho India PVT., LTD, Alakai Mechanical Corporation, Searefico and Director of ISO Integrated M&E. He holds a Masters in Business Administration from Bellevue University, where he specialised in both Finance and Accounting.

05 TAN ENG ANN Independent Director

First Appointed: 7 Jun 2013

Last Re-elected: 29 Dec 2020

Mr Tan is the Lead Independent Director and Chairman of the Group's Audit Committee. He was formerly the executive director and the chief financial officer of SGX-ST Mainboard listed R H Energy Ltd. He has over 20 years of experience in the financial field, having held managerial positions

with Yamaichi Merchant Bank, AIB Govett (Asia) Ltd and Standard Chartered Bank from 1994 to 2002. In 2002, Mr Tan joined Technics Oil & Gas Limited as the group financial controller and was subsequently promoted to finance director in 2004 responsible for finance and corporate development. From 2005 to 2006, he was the chief financial officer of Beijing Concept Holdings Pte Ltd where he headed the finance department.

Mr Tan is a qualified Chartered Financial Analyst of the Association for Investment Management and Research and a fellow member of the Institute of Singapore Chartered Accountants. He holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University.

06 TEO HO PIN Independent Director

First Appointed: 1 Mar 2021

Dr Teo is the Chairman of the Group's Nominating Committee. He is a long-serving politician with a career in the public service spanning over 23 years. Formerly a Member of Parliament for various constituencies including Sembawang GRC (1996-2001), Holland-Bukit Panjang GRC Bukit Panjang GRC (2001-2006) and Bukit Panjang SMC (2006-2020), Dr. Teo was also the Mayor of the North-West District in Singapore (2001-2020), responsible for implementing Community Development Programmes for approximately 906,000 residents.

He was a long-serving Chairman of the Holland-Bukit Panjang Town Council (2001-2020), and as Coordinating Chairman of 15 People's Action Party Town Councils in Singapore, he oversaw township management for about one million public housing flats. He is currently appointed as an Adjunct Professor at the National University of Singapore since 2017 and a Visiting Professor at the Singapore University of Technology & Design since 2020. Dr Teo is also Vice Chairman of the Singapore Environment Council.

Dr Teo has a Masters in Project Management and a Doctorate in Building from Heriot Watt University in the United Kingdom. He is currently a director at SGX-listed Tiong Seng Holdings Limited, King Wan Corporation Limited and Broadway Industrial Group Limited.

07 SOH CHUN BIN Independent Director

First Appointed: 7 Jun 2013

Last Re-elected: 26 Oct 2018

Mr Soh is Chairman of the Group's Remuneration Committee. He has more than 20 years of experience in the corporate finance and legal sectors, specialising in capital markets and mergers and acquisitions. He is currently a Director at ZICO Insights Law.

Mr Soh began his career as a corporate lawyer and was one of the pioneering lawyers at Stamford Law (now known as Morgan Lewis Stamford) during its inception in the early 2000s, and one of its youngest equity partners. In 2012, he left the legal profession to be the chief executive of several companies (including listed companies), before returning to legal practice in early 2017. He has advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, as well as on post-listing fundraising. His expertise spans diverse industries, including real estate, resources, infrastructure, and technology. He has been recognised as a leading lawyer by legal publications such as Chambers and Partners, and Asialaw.

He graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999. He currently holds directorships at SGX-listed companies Geo Energy Resources Limited, Triyards Holdings Limited and Lorenzo International Limited.

Note: Ms Ng Kheng Choo stepped down as an Independent Director of the Company on 27 January 2021.

EXECUTIVE OFFICERS



ANDERS TEOH KOK ANN

Chief Operating Officer (COO) and Managing Director (ISOteam Projects)

Mr Teoh was appointed COO of ISOteam in January 2021 and is responsible for its daily operations. In 2002, he joined the Group's specialised coating and painting subsidiary, ISOteam C&P, and currently heads ISOteam Projects. He has over two decades of experience in the R&R industry and was managing director of Goodwood Development Group Pty Ltd for two years prior to joining the Group. From 2002 to 2014, Mr Teoh established specialist painting and coatings firm Accom Pte Ltd ("Accom") and was its executive director. When Accom was acquired by ISOteam in 2014 and subsequently renamed ISOteam C&P, he was its managing director until 2019 where he was responsible for spearheading its numerous projects over the course of his career. These included R&R work for HDB blocks for the various Town Councils; public buildings such as churches, schools, community centres and libraries; MCST of commercial buildings, condominiums, industrial properties; as well as hotels and private residential properties. Mr Teoh holds a Bachelor of Building (Honours) from the University of South Australia and a Diploma in Building Management (with Merit) from Ngee Ann Polytechnic.



ALBERT TENG

Chief Strategy Officer (CSO) and Chairman (SG Bike)

Mr Teng became the Group's CSO in August 2016 and is responsible for strategic planning, business and corporate development as well as evaluating and executing the Group's investments and acquisitions plans. In August 2017, he was appointed as the CEO of the Group's subsidiary, SG Bike Pte. Ltd., and was subsequently appointed as its Chairman to oversee the operation of the expanded fleet size after the acquisition of Mobike assets. Prior to his appointment as CSO, he was the General Manager of the Group's subsidiary, ISOteam Projects Pte Ltd (formerly known as ISOteam TMG). Before joining ISOteam, Mr Teng was a Town Council general manager and HDB estate officer for more than 20 years where he was responsible for the implementation of many maintenance and upgrading projects. He was a member of Singapore Landscape Industry Council, the Sectoral Tripartite Committee for Manpower Plan for Landscaping and Conservancy in 2013 and the Association of Property and Facility Managers since 1998. He graduated from National University of Singapore in 1986 with a Bachelor Degree of Civil Engineering (Honours). Mr Teng also holds a Master degree in Business Administration from Nanyang Technological University.



**EXECUTIVE
OFFICERS**

**BEN TEO TECK SING**

Chief Financial Officer (CFO)

Mr Teo joined ISOTeam as CFO in March 2020. With more than 20 years of experience in audit and accounting, Mr Teo is engaged in all corporate finance and treasury functions across the Group including compliance with SGX rules and financial reporting standards, financial planning and reporting, internal control and risk management, fund management, investor relations and merger & acquisition processes. Prior to ISOTeam, he had held senior managerial roles at several SGX-listed companies where he was tasked with a broad range of compliance and financial responsibilities including financial management, corporate governance, listing requirement compliance, and other finance related matters. Mr Teo is a member of the Association of Chartered Certified Accountants, United Kingdom and the Institute of Singapore Chartered Accountants.

**CHAN CHUNG KHANG**

General Manager

Mr Chan, who joined the Group in 2002 as a project supervisor, has been the Group's General Manager since 2012. He is in charge of the management and coordination of the Group's operations including business expansion and diversification; planning and policies updates; the management and supervision of its corporate business development plans; and the administration of its key performance indicators whilst monitoring and managing its overheads. He is also in charge of corporate affairs and investor relations and responsible for the application and management of the Group's government grants. He graduated from Singapore Polytechnic in 1999 with a Diploma in Building and Property Management and from Royal Melbourne Institute of Technology in 2008 with a Bachelor of Business (Economics and Finance) with Distinction.

**LIM KIM HOCK**

Contracts Director

Mr Lim has been the Group's Contracts Director since 2005 and is responsible for contract administration, project tenders and procurement. He also oversees the Group's staff training and development. Prior to joining the Group in 2001, he was the quantity surveyor cum project manager of EAC Corporation Pte Ltd from 1994 to 2001, where he was in charge of projects tendering, costs budgeting and supervising projects. Between 1989 and 1994, he was the contracts executive of EM Services Pte Ltd where he was responsible for project management of town council projects. From 1983 to 1989, he was with HDB as a technical officer where he handled the quantity survey and supervision of projects. Mr Lim obtained a Technician Diploma in Building from Singapore Polytechnic in 1981.



BUSINESS DIVISION HEADS

SAM CHEN

Managing Director
(ISOteam Access and ISOteam C&P)

Mr Chen joined ISOteam Access, in 2007 and worked his way up the ranks to his current position. Backed by over 25 years of experience in the building refurbishment and estate upgrading industry, he wears two hats in the Group, namely managing its height access equipment and machinery provision business as well as its specialised coating and painting business. He has spearheaded numerous C&P projects ranging from HDB housing blocks and private landed residential homes to institutional, industrial and commercial buildings. He is a certified Safety Supervisor and a Work-At-Height Assessor and taps on this expertise to ensure a safe working environment.

KELVIN TAN MENG SOO

Joint Managing Director (ISO Integrated M&E)

Mr Tan joined Raymond Construction in 2015. When ISOteam acquired Rong Shun Engineering & Construction Pte Ltd, now known as ISO Integrated M&E, in 2017, he was assigned to spearhead its expansion into a full-fledged M&E service provider. With over 25 years of experience in the construction industry, he has completed projects for military and defence facilities, new build and A&A of schools, nursing homes, sports and swimming complexes, park connectors, BTO flats, ELU, NRP and HUP programmes for HDB and various commercial and private projects. Mr Tan holds a Diploma in Electrical Engineering from Singapore Polytechnic in 1992 and is also a Licensed Electrical Worker.

PREM KUMAR S/O ASOKUMA (PK)

Operations Manager (ISO-Homecare)

Mr PK joined ISOteam in 2013 and handled both A&A and R&R jobs for town councils, MCSTs and NEA's market upgrading works. He was appointed to his current role in 2018 to expand the handyman business especially in the HIP market. Mr PK holds a Bachelors of Arts in Organisational Psychology from Murdoch University Australia and has completed ISO 45001 certification.

CHUA HOI TEK

Managing Director (ISO-Landscape) and Managing Director (ISO Integrated M&E)

Mr Chua is the founder and head of ISOLandscape and ISO Integrated M&E, formerly known as Rong Shun Landscape & Construction Pte. Ltd. and Rong Shun Engineering & Construction Pte Ltd respectively, which he founded. Prior to this, Mr Chua spent 22 years at a multinational corporation, 17 years of which were in senior managerial roles. He graduated with a Bachelor of Engineering (Mechanical and Production Engineering) from the former Nanyang Technology Institute (now known as the Nanyang Technological University) in 1986.

DENNIS CHIN WAI TUCK

Projects Director (Zara@ISOteam)

Mr Chin joined as Projects Director of Zara@ISOteam in 2013. Backed by over 20 years of experience in interior design, he provides design consultancy and is also responsible for end-to-end project management of interior design and fitting-out jobs undertaken by Zara@ISOteam. He has been an instrumental figure in many major multi-sector projects including the landmark Civil Service Club @ Loyang (formerly Aloha Loyang) renovation contract. He has a professional training certificate in Interior Design from Palin School of Arts & Design and holds a National Trade Certificate (Grade 2) from the Ang Mo Kio ITE which was conferred in 1993.

GABRIEL CHIA

Operations Manager (ISOteam Green Solutions)

Mr Chia joined the Group in 2015 and became the Business and Operations Manager of ITG Projects Sdn Bhd in 2016. With over a decade of industry experience in project management and business development, he was appointed to his current role in 2018 and tasked to manage the unit's sales, operations and marketing functions. He specialises in innovative business development strategies and internet marketing. He graduated from PSB Academy with a Diploma in Business Administration in 2010.

OPERATING REVIEW



HDB Estate at Rivervale Crescent

Summary: Completed Projects	FY2020		FY2021	
	Number	Value (\$'m)	Number	Value (\$'m)
R&R	19	26.7	8	23.3
A&A	4	10.6	12	40.2
C&P	35	14.0	14	7.1
Others	16	6.0	17	31.0
Summary: Ongoing Projects	FY2020		FY2021	
	Number	Value (\$'m)	Number	Value (\$'m)
R&R	30	71.5	33	69.4
A&A	26	150.1	24	162.4
C&P	113	33.6	67	34.0
Others	38	56.4	35	53.5

OVERVIEW

The prolonged COVID-19 pandemic and the various control measures imposed by the Singapore government continued to disrupt the operations and financial performance of the Group in FY2021. While all of the Group's projects were operational during the year, productivity and efficiency levels were hindered by strict, but necessary, COVID-19 measures such as no cross deployment of workers across sites, frequent and time-consuming testing of workers, and even intermittent stoppage of work if a worker tests positive for COVID-19.

The Group also faced labour shortage due to protracted entry restrictions on countries from where it employs its foreign workers. As a result, cost of labour and raw materials saw significant and sustained increases in FY2021. COVID-19 relief and subsidies extended by the Government and cost management measures undertaken by the Group could not fully offset this inflationary pressure.



JTC Clean Tech Park

OPERATING REVIEW

R&R

In FY2021, the Group completed eight R&R projects compared to 19 in FY2020 that comprised R&R works for 174 HDB blocks in Tanjong Pagar and Pasir Ris-Pungol Town Councils, and one private commercial project.

As at 30 June 2021, the Group had 33 ongoing R&R projects aggregating approximately \$69.4 million that are expected to be completed by 2022. They comprise mainly public sector repainting contracts for approximately 440 HDB blocks in Tampines, Pasir Ris-Pungol, East Coast Fengshan, and Aljunied-Hougang Town Councils, as well as private sector jobs such as the POPULAR bookstore warehouse and private condominiums.

A&A

In FY2021, the Group completed 12 A&A projects compared to four in FY2020. They included NRP works to 17 blocks at Bishan St 22, Lentor Station on the Thomson-East Coast MRT Line and for an integrated resort.

As at 30 June 2021, the Group had 24 ongoing A&A projects valued at approximately \$162.4 million most of which are expected to be completed by 2022. They include 170 blocks across eight NRP projects and three HIP projects of 80 blocks.

C&P

In FY2021, the Group completed 14 C&P projects compared to 35 projects in FY2020. Key projects included Trinity Christ Church, Serangoon Secondary School and some residential condominiums.



Lentor MRT Station

As at 30 June 2021, the Group had 67 ongoing C&P projects valued at approximately \$34.0 million. Significant projects include Changi Airport Terminal 2, a data centre and private condominiums.

OTHERS

In FY2021, the Group completed 17 projects under its Others business segment compared to 16 projects in FY2020. As of 30 June 2021, the Group had 35 ongoing projects worth \$53.5 million compared to 38 projects totalling \$56.4 million in FY2020.

Interior Design and Retrofitting (collectively "ID")

The Group completed three ID projects in FY2021 including a boutique hotel and serviced apartment at Seah Street and several corporate offices and residential homes. As at 30 June 2021, key ongoing ID projects included an 11-storey educational institution and a private hotel.

Landscaping

The Group completed seven landscaping projects in FY2021 including the iconic floating wetlands found at Pekan Quarry Lake on Pulau Ubin and the roof top garden for a HDB BTO project in Bedok. The Group also recurring income from landscape maintenance contracts for several



SG Bike



Kew Green Condo

OPERATING REVIEW



Fernvale Childcare Centre

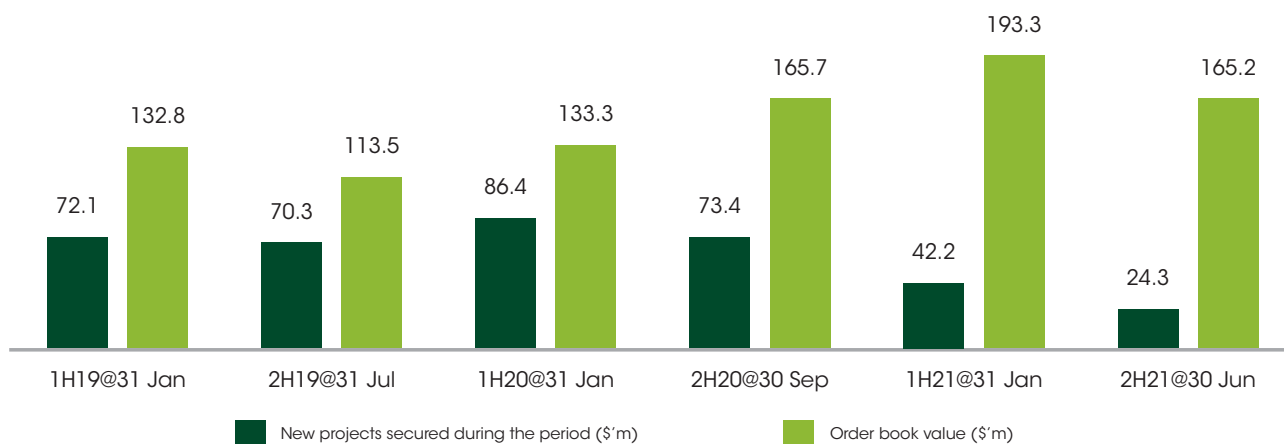
private condominiums and town councils. The Group has completed the seven term contracts from town councils that ran until March 2021. As at 30 June 2021, key ongoing landscaping projects included four new term contracts from town councils.

Mechanical and Electrical Engineering ("M&E")

The Group completed four M&E projects in FY2021 including construction and installation of Sunseap's offshore floating solar farm in Woodlands, which is one of world's largest as well as M&E works for Bedok Market, Golden Mile Food Centre and Fernvale Childcare Centre. As at 30 June 2021, there were 10 ongoing M&E projects.

Eco-friendly Solutions

The Group completed one project in FY2021 compared to three in FY2020. There are three ongoing eco-projects as at 30 June 2021. Registration of the Group's green pesticide Cockroach and Odour remover ("CnO") with the National Environment Agency was obtained in late 2020 and, subject to the stabilisation of the COVID-19 situation in Singapore, the Group is working toward a 2022 launch.



SG Bike

With a fleet of more than 25,000 bikes, SG Bike is currently the largest bike sharing operator in Singapore and is source of stable and recurring income for the Group. In FY2021, revenue grew substantially as Singaporeans became more fitness conscious during the pandemic and cycling became popular a hobby. SG Bike is exploring ways to expand the business with partners.

Project Management & Construction Management

This business, under Pure Group, was significantly impacted by the pandemic and made a loss in FY2021. As per its announcement dated 17 September 2021, the Group intends to dispose of its entire equity interest in the Pure Group entities.

ORDER BOOK

As of 30 June 2021, the Group's order book remained healthy at \$165.2 million with approximately \$66.5 million new projects secured over the course of the year. While the Group expects most of these contracts to be progressively delivered by FY2023, the execution of the projects is subject to the implementation and compliance of additional COVID-19 safety measures and policies in Singapore.

FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

Revenue

Total revenue of the Group increased by \$7.3 million or 8.0% year-on-year ("yoy") from \$91.7 million in FY2020 to \$99.0 million in FY2021 as business activity in the second half of the financial year picked up for most of the business segments. Reflecting this momentum, the Group recorded a revenue of \$62.3 million 2H FY2021, which was an improvement of 123.0% yoy from \$27.9 million in 2H FY2020 and an increase of 69.8% half-on-half ("hoh") over \$36.7 million in 1H FY2021.

Revenue from R&R, A&A and Others increased yoy by 12.2%, 20.9% and 6.9% to \$29.5 million, \$38.8 million and \$23.6 million respectively in FY2021 while C&P revenue declined 36.6% yoy to \$7.1 million. Revenue contribution remained relatively stable with R&R, A&A, C&P and Others accounting for 30%, 39%, 7% and 24% respectively of total FY2021 revenue.

Profitability

COVID-19 caused supply chain disruptions which resulted in higher raw material and labour costs in the built environment industry in FY2021 that outpaced the Group's revenue growth. The Group also continued to incur fixed overheads. As a result, gross profit of the Group decreased by \$1.5 million or 76.5% from \$1.9 million in FY2020 to \$0.4 million in FY2021 and gross profit margin declined to 0.4% from 2.1% a year ago.

The Group however narrowed its loss attributable to equity holders from \$21.6 million in FY2020 to \$14.5 million in FY2021 largely due to an increase in other income and lower expenses from cost management measures.

Other Income and Expenses

Other income increased by \$4.7 million or 284.1% from \$1.6 million in FY2020 to \$6.3 million in FY2021. This increase was mainly due to a fair value gain on investment in securities of \$0.7 million, a gain on distribution from other investment of \$0.9 million, a gain on disposal of the property at 57 Kaki Bukit Place of \$2.2 million and government grants totalling \$1.3 million.

At the same time, the Group's general and administrative expenses decreased by \$3.7 million or 22.9% from \$16.3 million in FY2020 to \$12.6 million in FY2021 mainly from a reduction in professional fees and staff-related costs



along with the receipt of foreign worker levy rebates and waivers. Finance costs decreased by \$0.3 million or 18.5% from \$1.8 million in FY2020 to \$1.5 million in FY2021 due to lower interest rates on bank borrowings. Other operating expenses decreased by \$4.3 million or 61.5% yoy from \$6.9 million in FY2020 to \$2.6 million in FY2021 from lesser impairment of goodwill which amounted to \$2.3 million.

Meanwhile, the Group made an impairment loss on receivables and contract assets of \$5.7 million in FY2021, an increase of \$3.8 million or 200.9% over FY2020. This was due to higher expected credit losses provided for the year.

The Group also benefited from a tax credit of \$1.0 million in FY2021 from the overprovision of taxation in prior years.

REVIEW OF FINANCIAL POSITION

Despite the protracted impact of COVID-19 on its business, the Group's financial position healthy with sufficient liquidity to meet its financial commitments. As at 30 June 2021, the Group had higher cash and bank balances of \$15.5 million and a debt-to-equity ratio of 1.5 times.

Assets

The Group's non-current assets decreased by \$1.8 million or 3.8% from \$48.0 million as at 30 June 2020 to \$46.2 million as at 30 June 2021, mainly due to impairment of goodwill arising from the acquisition of subsidiaries. Current assets decreased by \$2.5 million or 3.5% from \$70.8 million as

FINANCIAL REVIEW



Commercial Building at Clemenceau Avenue



Dulwich College Singapore



Niche landscaping services

at 30 June 2020 to \$68.3 million as at 30 June 2021. This was mainly due to a \$1.9 million or 5.9% yoy increase in trade and other receivables to \$34.4 million and \$2.9 million or 23.1% yoy increase in cash and bank balances to \$15.5 million offset by a \$4.5 million or 20.7% yoy decrease in contract assets to \$17.4 million as the Group had billed invoices to its customers. As such, total assets of the Group increased by \$4.3 million or 3.6% from \$118.8 million as at 30 June 2020 to \$114.5 million as at 30 June 2021.

Liabilities

Non-current liabilities increased by \$8.6 million or 63.0% from \$13.6 million as at 30 June 2020 to \$22.2 million as at 30 June 2021 mainly due to an \$6.0 million or 54.6% increase in bank borrowings to \$16.9 million. Meanwhile current liabilities increased by \$2.3 million or 4% from \$57.6 million as at 30 June 2020 to \$59.9 million as at 30 June 2021. This was mainly due to an increase in trade and other payables of \$2.9 million or 11.8% to \$28.1 million offset by a \$1.5 million or 4.9% yoy decrease in bank borrowings to \$28.5 million. As a result, total liabilities increased by \$10.9 million or 15.3% from \$71.2 million as at 30 June 2020 to \$82.1 million as at 30 June 2021.

REVIEW OF CASH FLOW STATEMENT

Net cash used in operating activities

Net cash used in operating activities amounted to \$3.0 million in FY2021 compared to an inflow of \$2.7 million in FY2020. This was mainly due to a decrease in operating cash flow before changes in working capital

and an increase in trade and other receivables which was offset by an increase in trade and other payables.

Net cash generated from investing activities

Net cash generated from investing activities amounted to \$4.5 million in FY2021 compared to an outflow of \$12.0 million in FY2020. This was mainly due to the proceeds from the disposal of the property at 57 Kaki Bukit Place and offset by the purchase of plant and equipment as well as the addition of intangible assets.

Net cash generated from financing activities

The Group generated net cash from financing activities of \$3.5 million in FY2021 compared to \$12.3 million in FY2020. This was mainly due to a draw-down of borrowings which were offset by the repayment of borrowings, interest and lease liabilities.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

In the pursuit of sustainable growth, ISOTeam Ltd. (the “**Company**” or “**ISOTeam**”) and its subsidiaries (the “**Group**”) maintains a high standard of corporate conduct to ensure business sustainability and to safeguard the interest of our stakeholders. We recognise the importance and value of aligning strategies to meet stakeholders’ needs as well as having an established and consistent sustainability reporting framework.

In our fourth sustainability report (the “**Report**” or “**SR2021**”), we continue to discuss the challenges and material issues that are important to our stakeholders; the strategies that we have adopted in managing these challenges and issues; and, how we position ourselves to capture future opportunities.

REPORTING PERIOD AND SCOPE

The data and information of this Report covers the Group’s operations in Singapore, where the majority of our subsidiaries operate, from 1 July 2020 to 30 June 2021 (“**FY2021**”) and discusses our initiatives and performance on Environmental, Social and Governance (“**ESG**”) issues. Group-level figures are in Singapore dollars. No restatements were made and there were no significant changes to the organisation and to our material sustainability issues from our previous sustainability report which was published in November 2020.

REPORTING FRAMEWORK

We have prepared the Report with reference to the Global Reporting Initiative (“**GRI**”) Standards: Core Option, the SGX Sustainability Reporting Guide as well as in accordance with Listing Rules 711A and 711B of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). We have chosen GRI as the sustainability reporting framework for its robust regime and adopted its principles of stakeholder inclusiveness, sustainability context, materiality, and completeness in preparing this Report. Making use of its quality, we have applied the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness. The GRI Content Index, which summarises disclosures made in this Report, has also been included.

We have not sought external assurance for the disclosures made in this Report but may consider doing so in the future.



SUSTAINABILITY REPORT

ACCESSIBILITY

This Report is a part of our Annual Report 2021. In line with ISOTeam's efforts towards greater environmental conservation, an electronic version of this Report is available on our corporate website <http://isoteam.listedcompany.com/ar.rev> and the SGX-ST website <https://www.sgx.com/>.

As part of our continual efforts to improve the coverage of our sustainability practices, stakeholders are welcome to submit their queries or feedback on our sustainability performance at ir@isoteam.com.

BOARD STATEMENT

The Board of Directors (the "**Board**") considers sustainability as vital to ISOTeam's strategic direction and to safeguard the long-term success of the Company and its stakeholders. In its guidance and management of ISOTeam's business, the Board has considered relevant sustainability issues and provides regular oversight of the Group's sustainability practices, performance and compliance with relevant legislations.

ISOTeam strives to achieve continuous growth and profitability in a safe, caring and sustainable environment. Our sustainability practices are calibrated to ensure that economic, environment and social risks and opportunities are aligned with our strategic growth, commercial objectives, governance measures and social responsibilities.

Almost two years after its outbreak, the COVID-19 pandemic continues to disrupt economies, businesses and lives everywhere. In Singapore, while data from the Ministry of Trade and Industry showed a 106.2% year-on-year growth in the construction sector in 2Q 2021, this strong growth was mainly due to the low base in 2Q 2020 when the Circuit Breaker was in effect. In reality, the construction industry today is far from pre-COVID-19 levels and ISOTeam continues to face operational challenges in the form of labour shortages, higher material and manpower costs and lower productivity.

Amid such constraints, our focus in FY2021, and even now, is on order book delivery and profit preservation while ensuring that the health of our workers is well protected. To this end, we have implemented strict cost management policies and follow all applicable COVID-19 measures advocated by the Government which include safe management measures at all our work sites, regular testing of our workers and more.

Combating climate change, and the damage it inflicts on the earth and lives of people, is another area that ISOTeam is fully committed to since embarking on our green path in 2010. As such, we fully support The Singapore Green Plan 2030, a whole-of-nation movement that strengthens Singapore's commitment under the UN 2030 Sustainable Development Agenda and Paris Agreement.

Through the services we offer and our track record, ISOTeam is well-gearred to support and benefit from the various initiatives under the Green Plan for Singapore to achieve long-term net-zero emissions as soon as viable. As an eco-conscious builder, we already integrate methodologies, products and procurement practices that are green and sustainable across all our operations. For this, we have been presented with the Green Mark Certification and the Green and Gracious Builder Award (Excellent) by the BCA. We have installed the solar panels for one of the world's largest offshore floating solar farms in the Straits of Johor for Sunseap and also numerous rooftop solar panels for HDB. We have also completed many HDB rooftop and vertical greenery projects along with the floating wetlands at Pekan Quarry Lake on Pulau Ubin. SG Bike is the largest provider of environmentally sustainable bike sharing service in Singapore and supports LTA's car-lite initiative. We also offer eco-friendly paints that can lower the temperature in a building by 2 °C to 3 °C.

On behalf of the Board and management of the Company, we wish to thank all who have been with us throughout our sustainability journey. We look forward to your continued partnership and support.

David Ng

Executive Chairman

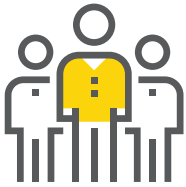
SUSTAINABILITY REPORT

SUSTAINABILITY APPROACH

ISOteam's core philosophy has always been to deliver long-term and sustainable value for all our stakeholders and the Group has been continually building on our sustainability efforts and progress. We recognise the importance of sustainable growth and are dedicated to working towards it. The Board oversees the policies and procedures relating to ESG factors together with the management and the assistance of external professional service providers. The Board will evaluate the effectiveness of the existing sustainability practices, review ESG performance and set goals on an annual basis.

The COVID-19 pandemic ("COVID-19 Outbreak"), which first broke out in Singapore in early 2020, continued to disrupt our normal course of work in FY2021. Even though all of our projects were operational, productivity and efficiency at our work sites were hindered by strict, but necessary COVID-19 measures. To protect the wellbeing of our employees, we followed all applicable COVID-19 measures advocated by the Government which included, among others, no cross-deployment of workers across sites, regular testing of workers every fortnight, flexible work arrangements, and provided our employees with the necessary telecommunication tools to work from home. We provide staff with items such as masks and hand sanitisers and adopted regular ART testing for those working in the office. Our premises also undergoes deep cleaning on a regular basis. At the same time, our management team continued to oversee, coordinate, monitor and revise the sustainability strategies and periodically reports to the Board during this period.

In addition, to create a better-quality living environment for the community we live in and work with, ISOteam has made it our mission to improve and reduce the impact on human and environmental health and minimise resource usage, degradation and pollution. We constantly review and refine our business value chain's eco-friendliness and efficiency and work closely with all stakeholders and our supply chain for these objectives.



SUPPLY CHAIN MANAGEMENT

The Group is committed to sustainable growth and shared value creation. We place emphasis on sourcing for sustainable materials and actively engage in strategic partnerships with suppliers and subcontractors to explore ways to enhance efficiency in our work processes and customer service.

Unlike past downturns, the protracted nature of the COVID-19 pandemic has caused significant and sustained price increases in material and manpower costs across the board for the Group. Due to restrictive controls, we were unable to replace many of the foreign workers who had returned to their home countries during the pandemic. The structural shortage and competition for manpower led to the poaching of workers among industry peers, driving up hiring costs. Meanwhile, the cost of essential materials such as paint and electric cables was also exponentially higher due to supply chain disruptions.



GREEN PROCUREMENT

ISOteam established the Green Procurement Guidelines which promotes environmental management across the entire supply chain to provide more environmentally responsible products. The guidelines allow us to identify and differentiate products and methods which are more sustainable and environmentally friendly. These practices are embedded within our procurement and vendor evaluation processes to align our sustainability approach with our business partners. We source products and other resources from both local and overseas companies that meet our Green Procurement Guidelines. We are committed to contribute to Singapore's Built Environment, and we will continue to innovate and forge positive relationships to provide greener products, systems and practices.



ACCREDITATIONS, ACCOLADES, MEMBERSHIPS AND LICENSES

Having established an industry track record for quality, speed and safety, we are honored to be part of organisations, societies, associations, charters and to have received numerous awards in recognition of our efforts. Please refer to our Annual Report 2021 for full details of the Group's accreditations, accolades, memberships and licenses.

STAKEHOLDER GROUPS AND ENGAGEMENT ACTIVITIES

STAKEHOLDERS

Stakeholder	How We Engage	Expectation and Interests
Employees	<ul style="list-style-type: none"> Employee appraisals Employee trainings 	<ul style="list-style-type: none"> Employee welfare and benefits Personal development
Customers	<ul style="list-style-type: none"> Enquiry and feedback channels Direct customer meetings 	<ul style="list-style-type: none"> Good customer service Price advantage
Suppliers	<ul style="list-style-type: none"> Supplier evaluations Periodic meetings 	<ul style="list-style-type: none"> Prompt payment Compliance with terms and conditions of transactions
Investors	<ul style="list-style-type: none"> Annual meetings, bi-annual briefings and ad-hoc investor meetings Circulars, reports and news release to shareholders 	<ul style="list-style-type: none"> Profitability and dividends Transparency and timely reporting
Government and Regulators	<ul style="list-style-type: none"> Discussions with relevant authorities Timely reporting to regulators and government agencies 	<ul style="list-style-type: none"> Compliance with regulations Proper reporting procedures and channels in place
Communities	<ul style="list-style-type: none"> Corporate social responsibility activities Environmentally friendly product/service launches 	<ul style="list-style-type: none"> Social responsibility to relevant communities

SHAREHOLDERS AND INVESTOR ACTIVITIES

The Group remained committed to good corporate governance practices and maintained a healthy and transparent internal control system over the financial, operational and compliance aspects of our business. We were ranked 404th in the 2021 Singapore Governance and Transparency Index ("SGTI 2021") among listed companies in Singapore that were evaluated.

The Group continues to enforce timely and accurate corporate disclosures and transparency. As part of this, we actively engage shareholders, the investing community, and the media and provide the latest information on the Group's operations, financial performance and strategic business updates via the following platforms:

- Singapore Exchange www.sgx.com and our corporate website www.isoteam.com.sg;
- IR contact email: ir@iso-team.com;
- An e-mail alert service via our IR website, that informs subscribers whenever an announcement is posted on the website;
- Annual General Meetings, a platform where our Directors and Executive Officers engage shareholders directly;
- Analyst and investor briefings every half-year in relation to our financial results.

FYE 30 June 2021	
Financial Calendar	Analyst, Investor and Media Event
8 February 2021 HY2021 financial results announcement	9 February 2021 HY2021 financial results briefing (virtual)
27 August 2021 FY2021 financial results announcement	30 August 2021 FY2021 financial results briefing (virtual)

SUSTAINABILITY REPORT

MATERIAL SUSTAINABILITY TOPICS

MANAGEMENT APPROACH AND MATERIAL TOPICS

The Group recognises the need to continuously develop our business approach in order to address growing stakeholder expectations. As such, we periodically engage with our stakeholders to assess the issues that are most relevant to them and the Company on an ongoing basis.

No.	Topics	Description	Stakeholder Group in Concern	Reference
1	Economic Performance	Distribution of economic value to stakeholders	Employees, Customers, Suppliers, Investors, Government and Regulators	Financial Report (Annual Report 2021)
2	Employment	Fair employment practices in aspects of hiring, benefits and welfare	Employees, Government and Regulators	Page 25
3	Occupational Health and Safety	Measures in place to ensure health and safety of our people	Employees, Customers	Page 28
4	Training and Education	Practices in place to develop our people's potential and talent management	Employees	Page 29
5	Community Engagement	Community outreach activities	Communities, Government and Regulators	Page 33
6	Green-value and Initiatives	Practices in place to introduce environmentally friendly solutions in delivering products and services	Customers, Suppliers, Government and Regulators, Employees	Page 31
7	Governance and Compliance	Policies and practices in place to uphold good corporate governance	Government and Regulators, Employees, Customers, Suppliers, Investors	Corporate Governance Report (Annual Report 2021)

The materiality of the abovementioned factors has been reassessed and endorsed by the Sustainability Committee which comprises key executives and heads from all major business functions. Please refer to the respective sections for details on the individual material topics.

EMPLOYMENT

ISOTeam strives to create a positive working environment for our staff and we advocate fair employment practices that offer equal opportunities for all. Although the intensive physical nature of our industry tends to require and attract mostly younger male employees, we neither discriminate by gender nor age and have a mix of both male and female employees of various ages in less physically demanding roles.

Our human resource principles, employment policies and remuneration packages are reviewed annually and updated to reflect the latest Ministry of Manpower guidelines and also best industry practices. We aim for high staff retention by creating a motivated and happy workforce with the shared goal of being the best that we can be individually, and as a company.

Employment Policies

Mutual respect, performance with accountability and open communication are all part of the ISOTeam Family Values that we seek to inculcate in every employee. To assimilate new hires into our corporate culture and to create strong bonds among the workforce, we have induction programmes to help them orientate and integrate quickly into the company.

We have an employee handbook with information about the company including our values, our departments as well as the various resources and benefits available to our staff. Our employee benefit and welfare packages were honed and updated based on feedback and discussion with our staff.

In FY2021, we introduced a new measure to assist eligible foreign employees in their application for permanent residency following two years of employment with us. The outcome of the application is subject to ICA approval.

To increase staff retention and reduce the cost of worker replacement, we introduced two new policies in FY2021 including a "Resignation and Recruitment Policy" and a "Worker Salary Review and Loyalty Incentive Policy". The first new policy requires all Business Unit ("BU") heads to fully understand a staff's reason for resigning and to explore whether redeployment or issues settlement before accepting the resignation. BU heads will also have to justify the cost of replacement before recruiting a new staff.

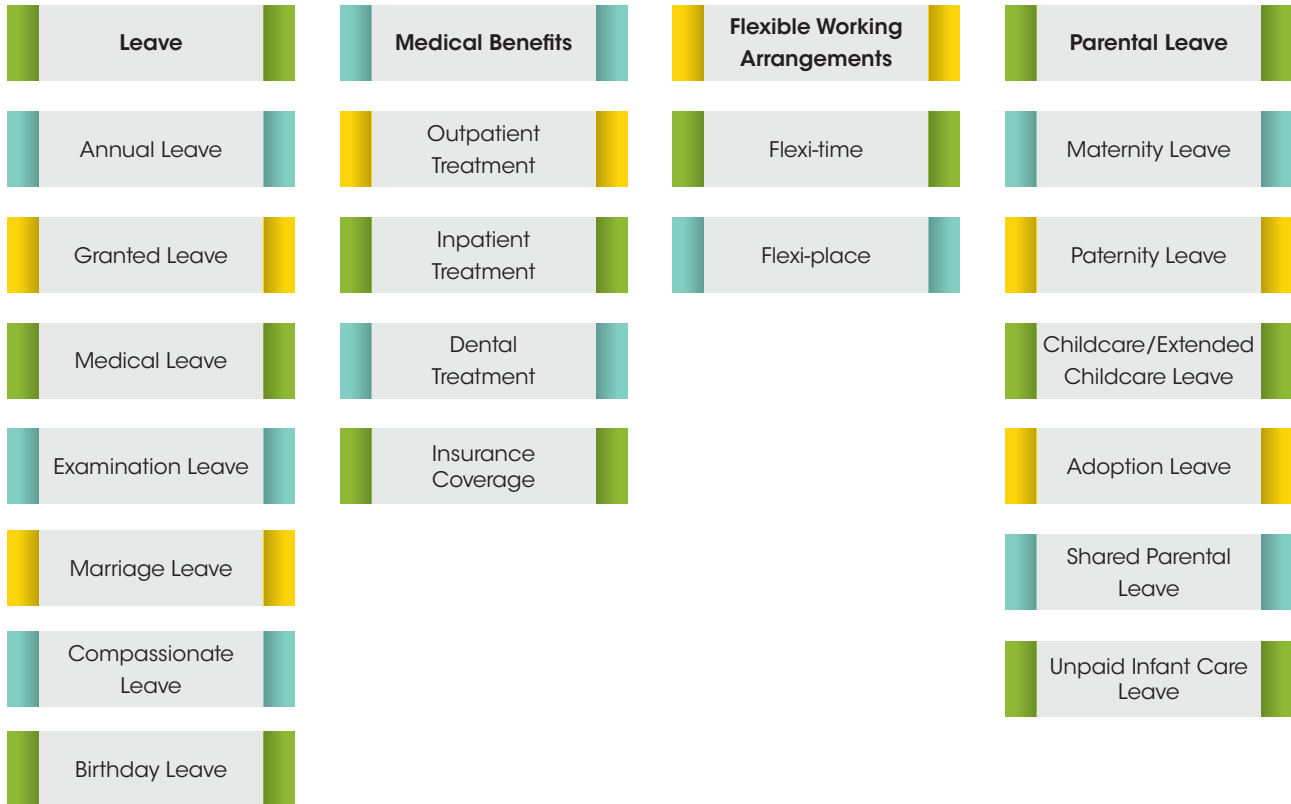
The second new policy is a monetary incentive for staff who stay with the Group for a period of not less than three years and have shown satisfactory performance during the period.



ISOTeam Employee Townhall Event

SUSTAINABILITY REPORT

Employee Benefits



In line with government efforts to encourage childbirth and support parents in their childcare responsibilities, our Group offers parental leave to our employees. In FY2021, the utilisation of different categories of parental leave by employees was as follows:

Parental Leave Utilised (Headcount)		
Leave Type	FY2020	FY2021
Childcare	16	19
Maternity	1	0
Paternity	0	2
Extended Childcare	2	4
Shared Parental	0	0

Diversity

The Group advocates diversity and inclusivity at the workplace. In FY2021, we employed 302 permanent full-time employees across our Singapore operations compared to 366 employees in FY2020. There were no staff retrenchments as job preservation was one of our top priorities. We also made 65 new hires during the year compared to 113 in FY2020.

Despite the physical nature of the built environment industry, our workforce reflects a reasonable balance of age gender and diversity.

84 or 28% of our total employees in FY2021 were females. Among our new hires, 22 or 34% of them were females.

SUSTAINABILITY REPORT

Among new employees in FY2021, 31 or 48% of them were between 30 to 60 years old, 43% were below 30 years old and 9% were above 60 years old.

Employees by Gender (Number)	FY2020		FY2021	
	Male	Female	Male	Female
Number of Employees	276	90	218	84
Number of New Employees	82	31	43	22

New Employees by Age (Number)	FY2020	FY2021
Under 30 years old	27	28
Between 30 to 60 years old	81	31
Above 60 years old	5	6
Total	113	65

Attrition

We did not achieve our goal to reduce the employee turnover rate in FY2021. This was due to the sustained manpower shortage in the construction industry from restrictive border controls arising from COVID-19, and consequentially, intense competition in the market for a smaller pool labour.

91 employees resigned in FY2021 leading to a higher employee turnover rate of 30%. This compared to 18 resignations and a turnover rate of 5% in FY2020.

Employees by Gender (Number)	FY2020		FY2021	
	Male	Female	Male	Female
Number of Employee Resignations	11	7	70	21
Employee Turnover Rate (%)	4%	8%	32%	25%

COVID-19 Protection

Since the onset of the COVID-19 pandemic in 2020, our Group has implemented measures in accordance with government guidelines to protect our workforce from infection. This is to ensure the sustainability of our business so that livelihoods can be preserved.

We developed a Business Continuity Plan that would see us through this period. While the COVID-19 situation has stabilised in Singapore with the rate of infection under control, we are committed to adhere to government recommendations until the country reaches an endemic stage.

Targets

The Group will continue to ensure that its human resource policies continue to take care of our employees' welfare and promote a healthy work-life for all. We aim to be an employer of choice among workers and proof of this will be a high annual staff retention rate.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH & SAFETY

Ensuring safety at the workplace is of paramount importance to us and we take pains to create a healthy and safe environment for all stakeholders including our employees, subcontractors, our customers and the communities within the vicinity of our work sites.

We take proactive steps to monitor the safety at each work site by ensuring that safety protocols are adhered to. This not only protects our employees but also ensures that public safety is not compromised.

We conduct periodic health and safety briefings to keep all our employees up to date about the latest best practices and also to help them understand the hazards associated with their work and why it is in their best interests to follow safety protocols closely when performing their work.

ISOteam carries out internal audits on safety protocols and we have ongoing collaboration with local regulatory bodies to ensure that our occupational health and safety procedures are of the highest standards.

As a result of the framework that we have in place, there were zero fatalities in FY2021, and we have also significantly reduced the number and severity of accidents.

Our workplace Accident Severity Rate was reduced from 44.87 in FY2020 to 11.80 in FY2021. We have a lower number of workplace accidents, from 17 cases in FY2020 to 12 cases in FY2021. The improved statistics was due to the tightened measures we put in place in FY2020 to prevent future injuries and accidents. These include greater emphasis to staff about the importance of observing safety guidelines and also regular maintenance of machinery and equipment to ensure they are in good working condition.

Our employees are covered under the Group's collective insurance scheme and those who have served for more than a year are entitled to regular health screenings paid for by the Group.

In view of the ongoing COVID-19 situation, we will continue to work with the relevant authorities and obtain all the necessary clearances and approvals before resuming work for all our on-site workers.



Period ¹	Number of Reported Workplace Accidents	Workplace Accident Frequency Rate (AFR) ²	Workplace Accident Severity Rate (ASR) ³
FY2018	4	2.78	27.83
FY2019	10	1.39	73.84
FY2020	17	4.01	44.87
FY2021	12	1.69	11.80

1. Refers to the period 1 July to 30 June of the respective financial year
2. Workplace AFR = (No. of workplace accidents reported X 1,000,000)/Total man hours worked
3. Workplace ASR = (No. of man days lost to workplace accidents X 1,000,000)/Total man hours worked

SUSTAINABILITY REPORT



Subsequent Reporting for FY2022:

Our industry has a higher risk of workplace accidents as compared to other industries. We target to reduce our AFR and ASR to below the national average for the construction industry by minimally complying with all applicable regulations, codes of practice and other guidelines issued by the authorities and committing to practice good controls to provide a safe and healthy workplace for all our employees.

TRAINING & EDUCATION

ISOTeam sees every employee as individuals who can be nurtured and trained to fulfil their fullest potential. We invest in each employee to make sure that they have the skillsets that are necessary to carry out their job responsibilities. On top of that, we have policies and procedures to identify the strengths of each employee and their potential to take on bigger roles. We also give them room to express and initiate conversations about the training they feel they need and about how they see themselves growing with the Group.

Through this process, we develop longer-term training pathways that will support the future

manpower needs of the Group. This is beneficial for them and for us. Employees have the opportunity to enhance and enrich their professional lives and are happy to work with an employer that is invested in their individual development. For ISOTeam, we are seen as an employer of choice, which improves our ability to hire and retain talent.

Our Human Resource Department is the custodian of our training and education policies. We regularly send our employees for seminars, conferences and courses to improve their technical and functional skills, broaden their knowledge, and ultimately increase their productivity and efficiency at work. Such courses include Workplace Safety and Health and Leadership, which are organised by external parties and where applicable, course fees are financed by the Group.

Average Training for Employees (Number of Hours)				
	FY2020		FY2021	
Average hours	13.06		9.66	
By Gender	Male	Female	Male	Female
	13.42	12.13	9.30	15.83

Because of extensive COVID-19 related lockdown measures and stop-work orders in FY2020, we were able to use the period to send our staff for more courses to upgrade their skills. In comparison, the average number of training hours per staff fell in FY2021 because of the resumption of projects and also because we faced a manpower crunch as border controls remained tightly in place and we were unable to replace foreign workers who had returned home.

SUSTAINABILITY REPORT

Types of courses and training

As the Group is in the construction and built-environment management industry, our employees are sent for courses and training that are mainly related to their job responsibilities.

Mandatory courses for those who work on project sites include "Apply Workplace Safety and Health in Construction Sites". New employees are briefed on in-house safety rules and regulations and all staff are provided with regular updates and reminders about work safety.

Besides mandatory courses, we also provide on-the-job training where new staff are paired with a more experienced mentor, usually their immediate supervisor, who will provide guidance. This also applies to staff who have been redeployed to new or additional roles.

In FY2021, we launched an in-house app which allows project managers to assess the progress of projects via video streaming, without being physically on-site. Not only has it enabled us to increase productivity as less time is wasted travelling from project to project, but we are also able to take and store videos that we can use as case studies to enhance in-house training and briefings.

As part of our commitment to the career development of our workforce, we conduct annual performance appraisals through an e-appraisal system. It is a tool that enables management to assess the training needs of our staff and also for staff to give their feedback and suggestions for areas of personal and organizational improvement.

Targets

The construction and built environment management industry is one that is ever-changing and ever-evolving. As a company with multi-disciplinary capabilities, it is important that we remain at the forefront of these changes so that our business remains sustainable.

In coming FY2022, we aim to raise training hours to at least 16 hours to help our employees enhance their skillsets and capabilities to be able to stay ahead of the changes in the industry.



SUSTAINABILITY REPORT

GREEN-VALUE AND INITIATIVES

At ISOTeam, we mean business when it comes to creating green value and initiatives. Not only did we make it our corporate colour but we take pride in being an early adopter of green methodologies – a decision that has paid off multiple times by way of the opportunities it has opened up for us as Singapore increases its focus on greening its infrastructure.

ISOTeam is fully committed to combating climate change and we try to do our part to support the global goal, under the Paris Agreement, to limit global warming to preferably 1.5 °C compared to pre-industrial levels. Aligned to this, we also fully support The Singapore Green Plan 2030.

We are committed to reduce the impact of our business activities on the environment. The primary sources of our Greenhouse Gas (“GHG”) emissions in our operations are from our energy use; direct emissions (Scope-1) from fuel consumption by our business vehicular fleet and equipment; and indirect emissions (Scope-2) from the purchase of electricity used in our offices.

Through the ISO 14001 Environment Management System, we continually seek ways to reduce our energy use and emissions.



Offshore Floating Solar Farm, Woodlands Senoko

Across our operations, we also offer many greener and more sustainable products and solutions including eco-friendly paints that can lower the temperature in a building by 2 °C to 3 °C.

Our green focus has won us accolades over the years including the BCA Green Mark Award and the BCA Green and Gracious Builder Award (Excellent). We are also a registered corporate member of the Singapore Green Building Council (“SGBC”), which forms part of the World Green Building Council (“WGBC”).

Over the years, we have worked with partners and suppliers to develop and source for materials that are environmentally friendly yet durable, to reduce the need for frequent replacement, which in turn reduces construction waste. This is in line with our green initiatives to create green buildings for our projects. Some of the products we use include Thermal Plaster, Composite Timber Decking System, and Diamond Fusion (“DFI”) Coating System, which are all SGBC certified.

Composite timber can achieve the conventional aesthetics of natural timber while having better properties in multiple aspects such as slip resistance, heat resistance, splinter-free, termite free and it is 100% recyclable.

Some of our other products that use renewable materials include Eco Pressure grout, Eco Screed, Eco Skim Plus, and Eco Tile Bond. All these form part of our efforts to incorporate eco-friendlier products into our production mix without compromising on the desired properties.

ISOTeam has been involved in several major green projects in Singapore, including a floating solar farm the size of five football fields along the Straits of Johor, which was completed in FY2021. This project is considered to be one of the largest offshore floating solar farms in the world to-date. With over 13,000 panels on 30,000 floats, it can generate about 6,022,500 KWh of energy annually, potentially offsetting an estimated 4,258 tons of carbon dioxide that will bring Singapore closer to decarbonisation.¹

¹ From www.sunseap.com

SUSTAINABILITY REPORT

Electricity Consumption

In keeping with our green culture, our headquarters is also powered by solar energy through 386 panels installed on the rooftop of our headquarters, which generates about 156,567 kWh of energy annually. Renewable energy refers to the electricity generated by our rooftop solar panels and non-renewable energy refers to purchased electricity.

Electricity Consumption by Source of Energy (kWh) ¹		
	FY2020 ²	FY2021
Renewable	95,774	156,567
Non-renewable	170,186	50,857

1. Available data on solar energy is quoted in kWp. The typical solar panel yield ranges from 1,000kWh/kWp to 2,000kWh/kWp, and is affected by a multitude of factors. We have opted to use the lowest range for our estimate.
2. Data covered the period from September 2019 to June 2020

Targets

We will continue to research and develop more environmentally sustainable products that we can use for our projects. The Group expects to utilise an incremental proportion of renewable energy as compared to non-renewable energy over the next few years. We target to utilise 100% renewable energy at our headquarters by FY2024.



Solar Panels at ISOTeam Headquarters

SUSTAINABILITY REPORT



Donation to Salvation Army



Charity Campaign

COMMUNITY ENGAGEMENT

There is a Chinese saying “饮水思源”, which means “to have gratitude”. This is something that all three of our Founders live by and inculcated into ISOTeam’s corporate culture such that it has become second nature for us to give back to the society that has supported our growth over the years.

Our Group endeavours to be a force that brings about positive changes and cheer to the local communities through charitable projects and monetary donations as well as donations in kind such as food and other household necessities. Pre-COVID-19, our Group had been involved in various hands-on Corporate Social Responsibility (“CSR”) projects such as painting and repairs for needy families identified by the Town Councils of each estate, but these activities have been put on hold due to current COVID-19 restrictions. Nevertheless, we continue to contribute in other ways including monetary contributions to good causes.

Amid the ongoing COVID-19 pandemic, the Group held a two-week donation campaign to raise funds that were used to purchase essential items for children’s homes namely Boys’ Town, Chen Su Lan Methodist Children’s Home, Jamiyah’s Children Home, and The Salvation Army, Gracehaven. The Group donated a total sum of \$7,362 to these homes.

In March 2021, the Group also virtually participated in a charity event called Run for Light, a cause dedicated to helping the visually impaired enhance their quality of life.



Targets

Subject to prevailing COVID-19 restrictions, we hope to resume active community work in FY2022 to help lower income families to spruce up their homes. Meanwhile, we remain committed to seeking out opportunities wherever we can. We intend to do so by participating in at least two large scale CSR activities with more than 80% staff participation and make at least one charitable donation to support underprivileged families in our communities during FY2022.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosure Title	Page Reference & Remarks
Organisation Profile		
102-1	Name of the organisation	Corporate Profile (Page 1)
102-2	Activities, brands, products, and services	Our Business (Page 2)
102-3	Location of headquarters	Corporate Information (IBC)
102-4	Location of operations	Corporate Information (IBC)
102-5	Ownership and legal form	Corporate Profile (Page 1) Statistics of Shareholding (Pages 129-130)
102-6	Markets served	Corporate Profile (Page 1)
102-7	Scale of the organisation	Corporate Profile (Page 1) Employment (Page 25) Financial Highlights (Page 6)
102-8	Information on employees and other workers	Employment (Page 25)
102-9	Supply chain	Corporate Profile (Page 1) Supply Chain Management (Page 22)
102-10	Significant changes to the organization and its supply chain	There were no significant changes to the organisation and its supply chain
102-11	Precautionary Principle or approach	Green-value and Initiatives (Page 31)
102-12	External initiatives	Community Engagement (Page 33)
102-13	Membership of associations	Accreditations, Accolades and Licenses (Page 4)
Strategy		
102-14	Statement from senior decision-maker	Board Statement (Page 21)
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Our Mission, Vision, Values (IFC)
Governance		
102-18	Governance Structure	Board of Directors (Page 10)
Stakeholder Engagement		
102-40	List of stakeholder Groups	Stakeholders (Page 23)
102-41	Collective bargaining agreements	Not Applicable
102-42	Identifying and selecting stakeholders	Stakeholders (Page 23)
102-43	Approach to stakeholder engagement	Stakeholders (Page 23) Shareholders and Investor Activities (Page 23)
102-44	Key topics and concerns raised	Material Sustainability Topics (Page 24)
102-45	Entities included in the consolidated financial statements	Corporate Structure (Page 5)

SUSTAINABILITY REPORT

GRI Standard	Disclosure Title	Page Reference & Remarks
102-46	Defining report content and topic boundaries	Reporting Period and Scope (Page 20)
102-47	List of material topics	Material Sustainability Topics (Page 24)
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	Reporting Period and Scope (Page 20)
102-51	Date of most recent report	25 November 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Accessibility (Page 21)
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Period and Scope (Page 20)
102-55	GRI content index	GRI Content Index (Page 34)
102-56	External assurance	Reporting Period and Scope (Page 20)
Management Approach		
103-1	Explanation of the material topic and its Boundary	Page 24 to 33
103-2	The management approach and its components	Page 24 to 33
103-3	Evaluation of the management approach	Page 24 to 33
Economic Performance		
201-1	Direct economic value generated and distributed	Financial Highlights (Page 6), Order Book (Page 17), Financial Review (Page 18), Financial Report (Annual Report 2021)
Employment		
401-1	New employee hires and employee turnover	Page 27
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 26
Occupational Health and Safety		
403-1	Workers representation in formal joint management – worker health and safety committees	Page 28
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Training and Education		
404-1	Average hours of training per year per employee	Page 29
404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 30
404-3	Percentage of employees receiving regular performance and career development reviews	Page 30
Community Engagement (Local Communities)		
413-1	Operations with local community engagement, impact assessments, and development programmes	Page 33
Green Value and Initiatives (Energy)		
302-1	Energy consumption within the organisation	Page 32

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of ISOTeam Ltd. (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”) to maximise the long-term shareholder value, protect the interests of stakeholders as well as promote investors’ confidence.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). This report outlines the main corporate governance practices and procedures adopted by the Group in the financial year ended 30 June 2021 (“**FY2021**”), with reference made to each of the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”).

The Board confirms that the Group has complied with all principles outlined in the Code and generally adhered to the provisions of the Code for FY2021. In respect of any deviation from the provisions of the Code, appropriate disclosures and explanations are provided in this report.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The company is headed by an effective board which is collectively responsible and works with management for the long-term success of the company.

Provision 1.1: Directors are fiduciaries who act objectively in the best interests of the company and hold management accountable for performance. The board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders’ value. The Board works with the management of the Company (the “**Management**”) to achieve this and the Management remains accountable to the Board.

Besides carrying out its statutory responsibilities, the Board’s role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and Company’s assets;
- review the performance of the Management;
- identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues as part of its strategic formulation; and
- oversee the processes for evaluating the adequacy and effectiveness of internal control, financial reporting and compliance.

Every Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interest of the Group.

Any Director facing an actual, potential or perceived conflict of interest in relation to any matter will declare such interest and will recuse himself from participating in discussions and abstain from making any decisions or voting on resolutions regarding the matter.

CORPORATE GOVERNANCE REPORT

Provision 1.2: Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

In accordance with the provisions of the Catalist Rules, the Nominating Committee will ensure that any new Director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, undergoes mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

In addition to the mandatory training (if applicable), the Company has in place an orientation programme and materials to ensure that every newly appointed Director is familiar with the business and organisation structure of the Group. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the Management. Every newly appointed Director will also receive a formal letter of appointment setting out the duties and obligations of the Director upon appointment.

During FY2021, Dr Teo Ho Pin was appointed as an Independent Director of the Company on 1 March 2021 and he has prior experience as a director of an issuer listed on the SGX-ST.

When necessary, the existing Directors are provided with updates on changes to the relevant new rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. As part of training for the Board, the Directors are briefed either during Board and Board committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry-related matters. The Directors are also encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature, and may attend appropriate courses, conferences and seminars conducted by bodies such as the SGX-ST and Singapore Institute of Directors, at the Company's expense.

Provision 1.3: The board decides on matters that require its approval and clearly communicates this to management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Company has adopted internal guidelines setting forth matters that require Board's approval. The matters which specifically require the Board's approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment or re-appointment to the Board and appointment of key management personnel;
- announcement of half year and full year results, the annual report and audited financial statements;
- material acquisition and disposal of assets;
- corporate or financial restructuring;
- share issuances and dividends; and
- all matters of strategic importance.

The Company documents the materiality threshold(s) and matters reserved for Board's approval in its policies.

CORPORATE GOVERNANCE REPORT

Provision 1.4: Board committees, including executive committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the board. The names of the committee members, the terms of reference, any delegation of the board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and function within clearly defined terms of reference and functional procedures. The compositions, principle functions and roles of the Board committees are described in subsequent sections of this report. While these committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

Provision 1.5: Directors attend and actively participate in board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board meets at least twice a year at regular intervals. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. Telephonic attendance at Board meetings is allowed under the Company's Constitution. The Board and Board committees may also make decisions by way of circulating resolutions in writing.

During FY2021, the number of Board meetings, Board committee meetings and general meeting held and attended by each member of the Board are as follows:

	Board	Board Committee			General Meeting
		AC	NC	RC	Annual
Number of Meetings Held	3	2	1	1	1
	Number of Meetings Attended				
Ng Cheng Lian	3#	2*	1*	1*	1
Koh Thong Huat	3	2*	1*	1*	1
Foo Joon Lye	3	2*	1*	1*	1
Tan Eng Ann	3	2#	1	1	1
Soh Chun Bin	3	2	1	1#	1
Ng Kheng Choo**	1	1	1#	1	1
Teo Ho Pin***	1	-	-#	-	-
Ryota Fukuda	3	2*	1*	1*	1

Notes:

Chairman

* By invitation

** Ms Ng Kheng Choo ceased to be an Independent Director on 27 January 2021.

*** Dr Teo Ho Pin was appointed as an Independent Director on 1 March 2021.

Notwithstanding that some of the Directors have multiple listed company board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his duties should not be restricted to the number of board representations. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration.

The NC will continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

CORPORATE GOVERNANCE REPORT

Provision 1.6: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Directors are furnished with timely and adequate information from the Management to enable them to discharge their duties effectively. Such information includes budgets, forecasts, quarterly, half-yearly and annual financial statements, as well as information relating to matters to be tabled at Board or Board committee meetings for approval. The Directors are entitled to request from the Management and should be provided with such additional information as needed to make informed decisions and the Management shall provide the same in a timely manner.

Provision 1.7: Directors have separate and independent access to management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the board as a whole.

The Directors are provided with the contact details of the Management and the Company Secretaries to facilitate separate and independent access.

Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and the requirements of the Companies Act, Chapter 50 (the "Companies Act") and Catalist Rules are complied with. Either one of them is required to attend the Board and Board committee meetings. The appointment and the removal of the Company Secretaries is a matter for the approval of the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

Board Composition and Guidance

Principle 2: The board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1: An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

The independence of each Independent Director is reviewed annually and as and when circumstances required by the NC, based on the guidelines set forth in the Catalist Rules and the Code to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently and the Board consists of persons who, together, will provide the core competencies necessary to meet the Company's objectives. The Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years, and they also do not have any relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC is of the view that Dr Teo Ho Pin, Mr Tan Eng Ann and Mr Soh Chun Bin are independent in character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Mr Tan Eng Ann and Mr Soh Chun Bin were first appointed to the Board on 7 June 2013 and would have served on the Board for more than nine years from 7 June 2022. In anticipation of Rule 406(3)(d)(iii) of the Catalist Rules which will take effect from 1 January 2022 and provides that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders of the company; and (b) shareholders excluding the directors and the chief executive officer ("CEO") of the company, and their respective associates, Mr Soh Chun Bin will be subject to the mandatory two-tier shareholders' voting at the forthcoming annual general meeting (the "AGM") for his continued appointment as an Independent Director. Mr Tan Eng Ann had obtained the requisite approvals under the mandatory two-tier shareholders' voting for his continued appointment as an Independent Director at the last AGM held on 29 December 2020.

CORPORATE GOVERNANCE REPORT

The Board is of the view that the independence of the Independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form such as the number of years which they have served on the Board. The Board conducted rigorous review by examining any conflicts of interest, their review and scrutiny of matters and proposals put before the Board, their exercise of independent judgement, the effectiveness of their oversight role as a check and balance on the acts of the Executive Directors and the Management as well as their role in enhancing and safeguarding the interests of the Company and its shareholders. Upon review, the Board considers Mr Soh Chun Bin to remain independent.

Provision 2.2: Independent directors make up a majority of the board where the chairman is not independent.

The Board currently comprises seven members, three of whom are Independent Directors, as follows:

Executive Directors

Mr Ng Cheng Lian (Executive Chairman)
Mr Koh Thong Huat (CEO)
Mr Foo Joon Lye

Independent Directors

Mr Tan Eng Ann (Lead Independent Director)
Mr Soh Chun Bin
Dr Teo Ho Pin

Non-Executive Director

Mr Ryota Fukuda

Notwithstanding that the Independent Directors do not make up a majority of the Board where the Chairman of the Board is not independent, the Board, through the NC, has examined its size and composition and is of the view that the current Board size and composition are appropriate for the time being for the facilitation of effective decision-making on the part of the Board. The Board is of the opinion that, given the scope and nature of the Group's operations, it is neither necessary nor cost-effective to have Independent Directors making up a majority of the Board. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinised and challenged the Management.

Provision 2.3: Non-executive directors make up a majority of the board.

The Board comprises seven members, four of whom are Non-Executive Directors representing a majority of the Board.

Provision 2.4: The board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

The Board, through the NC, has examined its size and composition and is of the view that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the wide spectrum of skill and knowledge of the Directors. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board and the Board committees comprise Directors, who, as a group, provide core competencies such as accounting, finance, business, legal, management and strategic planning, which are complementary and enhance the effectiveness of the Board.

The Board recognises the benefits of having a diverse Board to help bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of Board deliberations. While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and enable it to make

CORPORATE GOVERNANCE REPORT

decisions in the best interests of the Company. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

Provision 2.5: Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of management. The chairman of such meetings provides feedback to the board and/or chairman as appropriate.

The Independent Directors confer regularly with the Executive Directors and the Management to develop strategies for the Group, review the Management's performance, assess remuneration and discuss corporate governance matters. Where warranted, the Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves on the Group's affairs without the presence of the Executive Directors and the Management. The Lead Independent Director will also provide feedback to the Executive Chairman after such discussions or meetings.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the board and management, and no one individual has unfettered powers of decision-making.

Provision 3.1: The chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the board for independent decision-making.

The Company adopts a dual leadership structure whereby the roles of Chairman and CEO are distinct, each having their own areas of responsibilities and functions, thus ensuring an appropriate balance of power and authority, and allowing for increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are thus separate persons and the Chairman is not related to the CEO.

Provision 3.2: The board establishes and sets out in writing the division of responsibilities between the chairman and the CEO.

The Executive Chairman, Mr Ng Cheng Lian, plays a key role in promoting high standards of corporate governance. He, with the assistance of the Company Secretaries, sets the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items. He promotes an open environment for debate, and ensures that Independent Directors are able to speak freely and contribute effectively. He also ensures that the Board receives complete, adequate and timely information. In addition, he plays a pivotal role in ensuring effective communication with shareholders at general meetings of the Company, and encouraging constructive relations within the Board and between the Board and the Management.

The CEO, Mr Koh Thong Huat, formulates and implements the Group's expansion plans and the overall corporate and strategic development of the Group, and ensures conformance by the Management to such plans.

Provision 3.3: The board has a lead independent director to provide leadership in situations where the chairman is conflicted, and especially when the chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the chairman or management are inappropriate or inadequate.

In view that the Chairman of the Board is not an Independent Director, Mr Tan Eng Ann who is the Chairman of the AC, has been appointed as the Lead Independent Director of the Company. Mr Tan Eng Ann is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman of the Board, the CEO or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate. No request or query on any matter which requires the Lead Independent Director's attention has been received from shareholders in FY2021.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: The board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the board.

Provision 4.1: The board establishes a NC to make recommendations to the board on relevant matters relating to:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the chairman, the CEO and key management personnel;***
- (b) the process and criteria for evaluation of the performance of the board, its board committees and directors;***
- (c) the review of training and professional development programmes for the board and its directors; and***
- (d) the appointment and re-appointment of directors (including alternate directors, if any).***

The NC has written terms of reference that describe the responsibilities of its members. The principal functions of the NC are as follows:

- (a) to review and recommend to the Board, all Board appointments and re-appointments;
- (b) to determine, on an annual basis, whether a Director is independent, guided by the independent guidelines contained in the Catalist Rules and the Code;
- (c) to decide whether a Director is able to and has been adequately carrying out his duties as a Director, particularly when the Director has multiple board representations;
- (d) to assess the effectiveness of the Board as a whole and the Board committees, and the contribution of each Director to the effectiveness of the Board;
- (e) to make plans for succession, in particular for the Chairman of the Board and CEO;
- (f) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary; and
- (g) to recommend to the Board comprehensive induction training programmes for new Directors and review the training and professional development programmes for the Board.

Provision 4.2: The NC comprises at least three directors, the majority of whom, including the NC chairman, are independent. The lead independent director, if any, is a member of the NC.

The NC comprises three Independent Directors, namely Dr Teo Ho Pin, Mr Tan Eng Ann and Mr Soh Chun Bin. The Chairman of the NC is Dr Teo Ho Pin.

Provision 4.3: The company discloses the process for the selection, appointment and re-appointment of directors to the board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board. The NC will generally assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion and NC's assessment of the candidates.

CORPORATE GOVERNANCE REPORT

The Company's Constitution provides that one-third of the Directors shall retire from office by rotation at each AGM, and all Directors shall retire from office at least once every three years. A retiring Director is eligible for re-election by the shareholders at the AGM. The Company's Constitution also provides that any new Director appointed by the Board shall hold office only until the next AGM and is eligible for re-election by the shareholders at the AGM.

The NC will assess and recommend to the Board whether retiring Directors are suitable for re-election. In considering the re-election of a Director, the NC will evaluate such Director's contributions in terms of experience, business perspective, attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended the re-election of three retiring Directors, namely Mr Koh Thong Huat, Mr Soh Chun Bin and Dr Teo Ho Pin at the forthcoming AGM. The Board has accepted the NC's recommendation.

In addition, Board renewal is a continuous process. The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. Accordingly, the NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

Provision 4.4: The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the board. If the board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

The NC determines, on an annual basis, the independence of each Independent Director, taking into consideration the circumstances set forth in the Catalist Rules and the Code. For FY2021, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Catalist Rules and the Code).

The Independent Directors have confirmed that they and their respective associates do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

Provision 4.5: The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

In accordance with the provisions of the Catalist Rules, the NC will ensure that newly appointed Directors who do not have prior experience as a director of an issuer listed on the SGX-ST, attend mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

All Directors declare their listed company board representations as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company.

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The dates of initial appointment and re-election of the Directors as well as the directorships of the Directors in other listed companies are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies	
			Present	Past (Last Five Years)
Ng Cheng Lian	12 December 2012	29 December 2020	Nil	Nil
Koh Thong Huat	12 December 2012	26 October 2018	Nil	Nil
Foo Joon Lye	12 December 2012	30 October 2019	Nil	Nil
Tan Eng Ann	7 June 2013	29 December 2020	Nil	<ul style="list-style-type: none"> • AM Group Holdings Limited[#] • Hiap Tong Corporation Ltd. • SingAsia Holdings Limited[*]
Soh Chun Bin	7 June 2013	26 October 2018	<ul style="list-style-type: none"> • Geo Energy Resources Limited • Lorenzo International Limited • Triyards Holdings Limited 	Nil
Teo Ho Pin	1 March 2021	–	<ul style="list-style-type: none"> • Broadway Industrial Group Limited • King Wan Corporation Limited • Tiong Seng Holdings Limited 	Nil
Ryota Fukuda	18 February 2020	29 December 2020	Nil	Nil

Notes:

Listed on the Mainboard of the Stock Exchange of Hong Kong Limited

* Listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited

The academic and professional qualifications and the principal commitments of each Director, as well as the information on shareholdings in the Company held by each Director are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

Notwithstanding that some of the Directors have multiple listed company board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The NC took into account attendance and contributions at Board and Board committees meetings and ad hoc discussions by each Director in deciding the capacity of the Directors. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. There is no alternate Director on the Board.

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Board Performance

Principle 5: The board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1: The NC recommends for the board's approval the objective performance criteria and process for the evaluation of the effectiveness of the board as a whole, and of each board committee separately, as well as the contribution by the chairman and each individual director to the board.

Provision 5.2: The company discloses in its annual report how the assessments of the board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution from the Chairman of the Board and each individual Director to the effectiveness of the Board. The performance criteria do not change from year to year.

Assessment checklists which include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders, are disseminated to each Director for completion and the assessment results are discussed at the NC meeting. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2021.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1: The board establishes a RC to review and make recommendations to the board on:

- (a) a framework of remuneration for the board and key management personnel; and***
- (b) the specific remuneration packages for each director as well as for the key management personnel.***

The RC has written terms of reference that describe the responsibilities of its members.

The principal functions of the RC are as follows:

- (a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director, key management personnel and employees related to the Directors and substantial shareholders of the Company;
- (b) to function as the committee referred to in the ISOTeam Performance Share Plan (the "ISOTeam PSP") and shall have all the powers as set out in the ISOTeam PSP; and
- (c) to review all aspects of remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

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Provision 6.2: The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC chairman, are independent.

The RC comprises three Independent Directors, namely Mr Soh Chun Bin, Mr Tan Eng Ann and Dr Teo Ho Pin. The Chairman of the RC is Mr Soh Chun Bin.

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC reviews all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration and the remuneration of employees related to him.

Provision 6.4: The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

In April 2021, the Management had engaged a human resource specialist to review the remuneration packages for the Executive Directors and key management personnel. The appointed consultant is not related to the Company and its Executive Director and key management personnel.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1: A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

The Company has its own designated remuneration policy for the Executive Directors and key management personnel which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and allowance while the variable component is the annual bonus, based on the performance of the Group and the individual Director or key management personnel, as well as the market rates. The performance-related elements of remuneration are designed to align the Executive Directors and key management personnel's interests with those of the shareholders and link rewards to corporate and individual performance.

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Provision 7.2: The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The Independent Directors and the Non-Executive Directors do not have service agreements with the Company. The Independent Directors are paid fixed Directors' fees, which are recommended by the RC and determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at the AGM. The Independent Directors do not receive any other remuneration from the Company. The Non-Executive Director is not paid fixed Directors' fees, but is reimbursed in accordance with the administrative and travel expenses incurred in the course of his contributions to the Company.

Provision 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The Board ensures that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

The Company has adopted the ISOTeam PSP in June 2013. The ISOTeam PSP is administered by the RC. Please refer to the "Directors' Statement" section of this annual report for more information on the ISOTeam PSP.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1: The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.

Provision 8.3: The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

The Company has its own designated remuneration policy for the Executive Directors and key management personnel which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and allowance while the variable component is the annual bonus, based on the performance of the Group and the individual Director or key management personnel, as well as the market rates. The performance-related elements of remuneration are designed to align the Executive Directors and key management personnel's interests with those of the shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

There were no termination, retirement and post-employment benefits that may be granted to the Directors, CEO and key management personnel of the Group.

The Company has adopted the ISOTeam PSP in June 2013. The ISOTeam PSP is administered by the RC. Please refer to the "Directors' Statement" section of this annual report for more information on the ISOTeam PSP.

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A breakdown, showing the level and mix of each Director's remuneration for FY2021 is set out below:

Remuneration Band and Name of Director	Fee	Salary#	Bonus	Allowance	Total
	%	%	%	%	%
Below \$500,000					
Ng Cheng Lian	-	92	-	8	100
Koh Thong Huat	-	93	-	7	100
Foo Joon Lye	-	89	-	11	100
Below \$250,000					
Tan Eng Ann	100	-	-	-	100
Soh Chun Bin	100	-	-	-	100
Teo Ho Pin*	100	-	-	-	100
Ng Kheng Choo**	100	-	-	-	100
Ryota Fukuda	-	-	-	-	-

A breakdown, showing the level and mix of each key management personnel's remuneration for FY2021 is set out below:

Remuneration Band and Name of Key Management Personnel	Fee	Salary#	Bonus	Allowance	Total
	%	%	%	%	%
Below \$250,000					
Teoh Kok Ann***	-	89	-	11	100
Lim Kim Hock	-	82	-	18	100
Chan Chung Khang	-	100	-	-	100
Teo Teck Sing	-	85	-	15	100
Teng Ann Boon	-	85	-	15	100
Or Thiam Huat****	-	83	-	17	100

Notes:

- # These amounts are inclusive of employee's CPF contribution.
- * Dr Teo Ho Pin was appointed as an Independent Director on 1 March 2021.
- ** Ms Ng Kheng Choo ceased to be an Independent Director on 27 January 2021.
- *** Mr Teoh Kok Ann was appointed as the Chief Operating Officer on 11 January 2021.
- **** Mr Or Thiam Huat ceased to be the Project Director on 26 December 2020.

The Group operates in a highly competitive human resources environment where the detailed disclosure of the remuneration packages of each Director and key management personnel will be detrimental to the best interest of the Company and the Group, given the confidential and commercial sensitivities associated with remuneration matters. However, the Company adopts the disclosure of remuneration in bands of \$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

The aggregate remuneration paid to the above key management personnel amounted to \$853,000 for FY2021.

CORPORATE GOVERNANCE REPORT

Provision 8.2: *The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

There was no employee of the Group who is an immediate family member of the Directors, CEO or substantial shareholders of the Company in FY2021.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

Provision 9.1: *The board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The board sets up a board risk committee to specifically address this, if appropriate.*

The Company does not have a risk management committee. However, the Board is responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults the external auditor and internal auditor to determine the risk tolerance level and corresponding risk policies. The Board also oversees the Management in implementing and monitoring the risk management and internal control systems. The Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business and operational risks and implements appropriate measures to control and mitigate such risks. The Management also reviews significant control policies and procedures and highlights significant matters to the Board and the AC.

To enhance the Group's system of internal controls, the Board has appointed an external professional firm, namely Nexia TS Risk Advisory Pte Ltd ("Nexia"), to review, recommend and have subsequent rectifications follow-up on the Group's internal control system, and to expand and enhance its policies and procedures manual on an annual basis.

Provision 9.2: *The board requires and discloses in the company's annual report that it has received assurance from:*

- (a)** *the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and*
- (b)** *the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.*

The Board has received assurance from the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Group's operations and finances; and (b) the Group has put in place and will continue to maintain reasonably adequate and effective risk management and internal control systems.

In addition, the Board has received assurance from the Executive Directors and key management personnel who are responsible that the Group has put in place and will continue to maintain reasonably adequate and effective risk management and internal control systems in respect of their respective areas of responsibilities.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by the Management, the Board and its committees, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 30 June 2021. The Board and the AC note that all internal control systems contain inherent limitations and no system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal control system.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The board has an AC which discharges its duties objectively.

Provision 10.1: The duties of the AC include:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;**
- (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;**
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;**
- (d) making recommendations to the board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;**
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and**
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.**

The AC has written terms of reference that describe the responsibilities of its members.

The AC will meet periodically to perform, inter alia, the following functions:

- (a) to review with the external auditor the audit plan, the audit report, the management letter and the management's response;
- (b) to review with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and risk management system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;
- (c) to review the financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with the Financial Reporting Standards in Singapore, and concerns and issues arising from the audit including any matters which the external auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (d) to review and discuss with the external auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) to review the co-operation given by the Management to the external auditor and internal auditor;
- (f) to consider the appointment or re-appointment, and remuneration and terms of engagement of the external auditor and matters relating to the resignation or dismissal of the external auditor;
- (g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) to review any potential conflicts of interests (if any);
- (i) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

CORPORATE GOVERNANCE REPORT

- (j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (k) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

In addition, the AC has explicit authority to investigate any matter within its terms of reference, full access to and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditor and the cost effectiveness of the audit. The AC has undertaken a review of the non-audit services by the external auditor in FY2021 and is of the view that such services would not affect the objectivity and independence of the external auditor. The AC is of the view that Baker Tilly TFW LLP is suitable for re-appointment and it has accordingly recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

The aggregate amount of fees paid or payable to the external auditor for the audit and non-audit services for FY2021 is reflected in Note 6 to the audited financial statements of the Group for FY2021.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firm for the Group.

The Company has in place a whistle-blowing policy, endorsed by the AC, which provides an accessible channel for employees of the Group to raise concerns to the AC about possible corporate improprieties or possible fraudulent activities in matters of financial reporting or other matters. Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well defined process which ensures independent investigation of issues or concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that all actions in good faith will not affect them in their work and staff appraisal. There were no whistle-blowing reports received in FY2021.

Provision 10.2: The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC chairman, are independent. At least two members, including the AC chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC comprises three Independent Directors, namely Mr Tan Eng Ann, Mr Soh Chun Bin and Dr Teo Ho Pin. The Chairman of the AC is Mr Tan Eng Ann. Mr Tan Eng Ann has over 25 years of experience in finance and accounting and is well-qualified to chair the AC. Notwithstanding that the AC does not comprise at least two members with recent and relevant accounting or related financial management expertise and experience, the Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or financial management expertise and experience to discharge the duties and responsibilities of the AC.

Provision 10.3: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members was a previous partner or director or has any financial interest in the Company's existing auditing firm.

Provision 10.4: The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Group has therefore appointed Nexia to undertake the functions of an internal auditor for the Group. Nexia is a member of the Institute of Internal Auditors. The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the AC and, administratively to the Executive Directors, and has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The role of the internal auditor is to assist the AC in ensuring that the Group's controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The AC has reviewed and is satisfied that the Group's internal audit function, led by Ms Pamela Chen of Nexia who has more than 15 years of relevant experience, is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience, and has an appropriate standing within the Company. Such review is carried out on an annual basis.

Provision 10.5: The AC meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.

The AC had met with the internal and external auditors, without the presence of the Management to review the adequacy of audit arrangements for FY2021, with emphasis on the scope and quality of their audits, and the independence, objectivity and observations of the internal and external auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1: The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

All shareholders will receive the Company's annual report and notice of AGM or general meetings and are entitled to attend the general meetings of the Company. They are afforded the opportunity to participate effectively at such meetings and are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

In line with the safe-distancing measures and regulations imposed by the Singapore Government to curb the further spread of COVID-19, the Company strongly encourages shareholders' participation in the forthcoming AGM for FY2021 which is to be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Alternative Arrangements Order**").

For the forthcoming AGM, the notice of AGM and the accompanying annual report and proxy form is made available to members solely by electronic means via publication on the SGXNET and the Company's website, pursuant to the Alternative Arrangements Order. Although the AGM will be conducted by electronic means, shareholders may appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at that AGM if such shareholders wish to exercise their voting rights, and may submit their questions relating to the resolutions set out in the notice of the AGM in advance.

The Company has specified in the notice of AGM the detailed information on attending the AGM by electronic means, such as instructions to shareholders on how they may (i) participate to observe and/or listen to the AGM proceedings, (ii) access the annual report and proxy form, (iii) submit their questions in advance of the AGM electronically (e.g. via email) and (iv) vote by appointing the Chairman of the AGM as proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions.

CORPORATE GOVERNANCE REPORT

Provision 11.2: The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

The Company has separate resolutions at general meetings on each substantially separate issue. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report and related documents, including the notice of general meeting.

Provision 11.3: All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

All Directors are required to attend general meetings. The external auditor will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Please refer to Provision 1.5 for details on the Directors' attendance at general meeting held during FY2021.

Provision 11.4: The company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Company's Constitution allows any shareholder of the Company, if he is unable to attend any general meetings, to appoint not more than two proxies to attend and vote on his behalf at the meetings through proxy forms sent in advance. Corporate shareholders of the Company who provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

In light of the Alternative Arrangements Order, shareholders who wish to vote at the forthcoming AGM for FY2021 must submit a proxy form to appoint the Chairman of the AGM as their proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions. The detailed information regarding how shareholders may vote by appointing the Chairman of the AGM as proxy and submission of questions has been specified in the notice of AGM.

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised.

Provision 11.5: The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the board and management.

The Company prepares minutes of general meetings which incorporate substantial and relevant comments and queries from shareholders and responses from the Board and the Management. These minutes will be published on the SGXNET and the Company's website.

Provision 11.6: The company has a dividend policy and communicates it to shareholders.

The Company has adopted a dividend policy whereby the Company shall recommend the distribution of at least 20% of the Company's consolidated profit after tax and minority interests, excluding non-recurring, one-off and exceptional items, to its shareholders.

As the Group has reported a net loss for FY2021 and in view of the present uncertainty in the market outlook and business environment, the Board has decided that it would be prudent not to declare dividend in respect of FY2021.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1: The company provides avenues for communication between the board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalyst Rules, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group via announcements and/or press releases published on the SGXNET.

The Company does not practise selective disclosure. Trade or price-sensitive information is first publicly released before the Company meets with any group of investors or analysts. The Company's results and annual report are announced or issued within the mandatory period.

All shareholders will also receive the Company's annual report and notice of general meetings. Shareholders will be given the opportunity and time to voice their views and ask Directors or the Management questions regarding the Company at such general meetings. For the forthcoming AGM, shareholders may submit their questions relating to the resolutions set out in the notice of the AGM in advance. The detailed information on the submission of questions has been specified in the notice of AGM.

Provision 12.2: The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be trade or price-sensitive is disseminated without delay via announcements and/or press releases on the SGXNET;
- (b) Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcements of financial results;
- (c) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and
- (d) Operate an open policy with regard to shareholders or investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company.

Regular media and analyst briefings are organised to enable a better appreciation of the Group's performance and developments. The Company holds investor briefings, inviting the media and analysts, after the release of its half year and full year financial results.

Provision 12.3: The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company has engaged August Consulting to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at isoteam@august.com.sg.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1: The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, and customers, in order to achieve sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicate with them to align the Company's expectation and goals. Both Executive and Independent Directors meet or speak with shareholders at general meetings to gather their views and address concerns.

CORPORATE GOVERNANCE REPORT

Provision 13.2: The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised through stakeholder engagement, can be found in the Company's Sustainability Report 2021.

Provision 13.3: The company maintains a current corporate website to communicate and engage with stakeholders.

The Company maintains its corporate website (<https://isoteam.com.sg/>) providing information about the Company such as the Board of Directors and Management, products or services, as well as all disclosures and announcements of the Company submitted via the SGXNET. Stakeholders can also contact the Company through phone or via the contact form, details of which can be found on the Company's website.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished trade or price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the date of the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for its review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

Details of the interested person transaction entered into by the Group for FY2021 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Aggregate value of all interested person transactions during FY2021 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Testing fees paid to Green Pest Management Pte. Ltd.	167,000	Nil

The Board confirms that the above interested person transaction was entered into on an arm's length basis and on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

CORPORATE GOVERNANCE REPORT

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid or payable to the Company's sponsor, Hong Leong Finance Limited, for FY2021.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "Directors' Statement" section of this annual report and the audited financial statements of the Group for FY2021, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Information on Directors Seeking Re-Election

Mr Koh Thong Huat, Mr Soh Chun Bin and Dr Teo Ho Pin are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Koh Thong Huat, Mr Soh Chun Bin and Dr Teo Ho Pin in accordance with Appendix 7F of the Catalist Rules is set out below:

	KOH THONG HUAT	SOH CHUN BIN	TEO HO PIN
Date of appointment	12 December 2012	7 June 2013	1 March 2021
Date of last re-appointment (if applicable)	26 October 2018	26 October 2018	-
Age	55	47	61
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Koh's overall contributions, performance, attendance and participation, is of the view that he is suitable for re-appointment as an Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Soh's overall contributions, performance, attendance and participation, is of the view that he is suitable for re-appointment as an Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Dr Teo's overall contributions, performance, attendance and participation, is of the view that he is suitable for re-appointment as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. As set out in Mr Koh's profile write-up in the "Board of Directors" section of this annual report.	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and CEO	Independent Director, Chairman of the RC and member of the AC and NC	Independent Director, Chairman of the NC and member of the AC and RC
Professional qualifications	Nil	Nil	PhD in Building (Heriot-Watt University, UK) MSc in Project Management (Distinction) (Heriot-Watt University, UK)
Working experience and occupation(s) during the past 10 years	As set out in Mr Koh's profile write-up in the "Board of Directors" section of this annual report.	As set out in Mr Soh's profile write-up in the "Board of Directors" section of this annual report.	As set out in Dr Teo's profile write-up in the "Board of Directors" section of this annual report.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 7,682,000 ordinary shares Deemed interest: 119,954,406 ordinary shares	Nil	Nil

CORPORATE GOVERNANCE REPORT

	KOH THONG HUAT	SOH CHUN BIN	TEO HO PIN
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships	<p><u>Past</u> (for the last five years)</p> <p>Directorships:</p> <ol style="list-style-type: none"> 1. ISOTeam Projects Pte. Ltd. 2. Pure Group (Singapore) Pte. Ltd. 3. Pure Projects Sea Pte. Ltd. <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> 1. ADD Group Pte. Ltd. 2. ADD Investment Holding Pte. Ltd. 3. Industrial Contracts Marketing (2001) Pte Ltd 4. ISO-HomeCare Pte. Ltd. 5. ISO-Integrated M&E Pte. Ltd. 6. ISO-Seal Waterproofing Pte. Ltd. 7. ISO-Team Corporation Pte Ltd 8. ISOTeam C&P Pte. Ltd. 9. ISOTeam Green Solutions Pte. Ltd. 10. ISOTeam Homecare Pte. Ltd. 11. Raymond Construction Pte Ltd 12. SG Bike Pte. Ltd. 13. TMS Alliances Pte. Ltd. 14. ITG Projects Sdn Bhd <p>Other Principal Commitments: Nil</p>	<p><u>Past</u> (for the last five years)</p> <p>Directorships:</p> <ol style="list-style-type: none"> 1. 7Five Capital Pte. Ltd. 2. Asia East Africa Pte Ltd 3. Cloudzen Pte Ltd 4. DORR Global Healthcare Fund Pte Ltd 5. Jiangxi Jiangling Chassis Co., Ltd. 6. MNC Energy Pte Ltd 7. Victoria Medical Beauty Group Pte Ltd 8. XORO Capital Pte Ltd <p>Other Principal Commitments: As set out in Mr Soh's profile write-up in the "Board of Directors" section of this annual report.</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> 1. Geo Energy Resources Limited 2. Lorenzo International Limited 3. Triyards Holdings Limited 4. Cloudzen Alpha Pte Ltd 5. Hazon Capital Pte. Ltd. 6. Seven5 Capital Pte. Ltd. <p>Other Principal Commitments: As set out in Mr Soh's profile write-up in the "Board of Directors" section of this annual report.</p>	<p><u>Past</u> (for the last five years)</p> <p>Directorships: Nil</p> <p>Other Principal Commitments: As set out in Dr Teo's profile write-up in the "Board of Directors" section of this annual report.</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> 1. Broadway Industrial Group Limited 2. King Wan Corporation Limited 3. Tiong Seng Holdings Limited 4. Haru Imports International Pte. Ltd. 5. Resilient Crisis Management Solutions Pte. Ltd. <p>Other Principal Commitments: As set out in Dr Teo's profile write-up in the "Board of Directors" section of this annual report.</p>

CORPORATE GOVERNANCE REPORT

	KOH THONG HUAT	SOH CHUN BIN	TEO HO PIN
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p>			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	In August 2018, a winding up order was made against Victoria Medical Beauty Group Pte Ltd, for which Mr Soh was a director, on grounds of insolvency.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

CORPORATE GOVERNANCE REPORT

	KOH THONG HUAT	SOH CHUN BIN	TEO HO PIN
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	The Group had, in the course of its business, been fined by regulatory and statutory bodies such as the Ministry of Manpower and National Environment Agency for infringement of certain environmental and safety rules and regulations from time to time.	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE REPORT

	KOH THONG HUAT	SOH CHUN BIN	TEO HO PIN
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial year ended 30 June 2021.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 69 to 128 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Ng Cheng Lian
 Koh Thong Huat
 Foo Joon Lye
 Ryota Fukuda
 Tan Eng Ann
 Soh Chun Bin
 Teo Ho Pin (Appointed on 1 March 2021)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act as follows:

Name of directors	Number of ordinary shares with no par value			
	Shareholdings registered in the name of directors		Shareholdings in which a director is deemed to have an interest	
	At 1.7.2020	At 30.6.2021	At 1.7.2020	At 30.6.2021
<u>Company</u>				
Ng Cheng Lian	7,682,000	7,682,000	119,954,406	119,954,406
Koh Thong Huat	7,682,000	7,682,000	119,954,406	119,954,406
Foo Joon Lye	-	-	127,636,406	127,636,406

The deemed interest of Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye in the shares of the Company are by virtue of their shareholdings in ADD Investment Holding Pte Ltd. At 30 June 2021, ADD Investment Holding Pte Ltd holds 119,954,406 shares in the Company. In addition, Foo Joon Lye is deemed to be interested in 7,682,000 shares in the Company held by his nominee as at 30 June 2021.

By virtue of Section 7(4) of the Act, the directors, Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (Cont'd)

Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye, by virtue of their interest of not less than 20% of the issued share capital of the Company are deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group.

	Number of ordinary shares Shareholdings in which a director is deemed to have an interest	
	At 1.7.2020	At 30.06.2021
Zara@ISOTeam Pte. Ltd.	76,500	76,500
ISOTeam TMS (Myanmar) Limited	45,000	45,000
ISO-Homecare Pte. Ltd.	204,000	204,000
SG Bike Pte. Ltd.	510,000	510,000
Pure Projects (Philippines) Inc	89,910	89,910
Pure Projects SEA Ltd	9,800	9,800

The directors' interests as at 21 July 2021 was the same as those at the end of the financial year.

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

ISOTeam Performance Share Plan

The ISOTeam Performance Share Plan (the "ISOTeam PSP") was adopted by the shareholders of the Company on 5 June 2013. The ISOTeam PSP contemplates the award of fully-paid shares in the capital of the Company ("Shares") to participants after certain pre-determined benchmarks have been met. The directors believe that the ISOTeam PSP will be more effective than pure cash bonuses in motivating employees of the Group to work towards pre-determined goals.

The ISOTeam PSP allows for participation by full-time employees of the Group (including the executive directors who are not a substantial shareholder of the Company or an associate of a substantial shareholder) who have attained the age of 18 years and above on or before the relevant date of grant of the award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. Non-executive directors, independent directors and controlling shareholders (including their associates) of the Company are not eligible to participate in the ISOTeam PSP.

The ISOTeam PSP is administered by the Remuneration Committee of the Company which has the absolute discretion to determine persons who will be eligible to participate in the ISOTeam PSP. The ISOTeam PSP shall continue in operation for a maximum period of 10 years commencing on the date on which the ISOTeam PSP is adopted, provided that the ISOTeam PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares which may be issued or transferred pursuant to the awards granted under the ISOTeam PSP, when added to (i) the number of shares issued or issuable and/or transferred or transferrable in respect of all awards granted thereunder; and (ii) all shares issued or issuable and/or transferred or transferrable under any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the total issued share capital of the Company on the day preceding the relevant award date.

Since the commencement of the ISOTeam PSP, the Company has not granted any awards under the ISOTeam PSP.

DIRECTORS' STATEMENT

Audit Committee

The Audit Committee comprises three members, who are all independent directors. The members of the Audit Committee for the financial year are:

Tan Eng Ann (Chairman)
Soh Chun Bin
Teo Ho Pin (Appointed on 1 March 2021)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and performed the following functions:

- (a) to review with the external auditor the audit plan, the audit report, the management letter and the management's response;
- (b) to review with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;
- (c) to review the financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with the Singapore Financial Reporting Standards (International), and concerns and issues arising from the audit including any matters which the external auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (d) to review and discuss with the external auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) to review the co-operation given by the Management to the external auditor and internal auditor;
- (f) to consider the appointment or re-appointment, and remuneration and terms of engagement of the external auditor and matters relating to the resignation or dismissal of the external auditor;
- (g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) to review any potential conflicts of interests (if any);
- (i) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- (k) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Ng Cheng Lian
Director

Koh Thong Huat
Director

1 October 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 69 to 128, which comprise the statements of financial position of the Group and the Company as at 30 June 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on construction contracts

(Refer to Notes 2(dd) and 3 to the financial statements)

Description of key audit matter

Revenue arising from construction contracts represents 92% of the Group's total revenue. The accounting policy for revenue recognition is set out in Note 2(p) to the financial statements.

The Group accounts for its contract revenue over time by measuring the progress towards complete satisfaction of performance obligation based on output method as the customer simultaneously receives and consumes the benefits provided by the Group's satisfaction of the performance obligation promised in the contracts.

The stage of completion is measured by reference to the professional's certification of value of work done to-date, approved variations, internal certification or customer's acknowledgement of work completed. The judgement and estimation applied in assessing the stage of completion can significantly impact the results of the Group. Accordingly, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matter (Cont'd)

Revenue recognition on construction contracts (Cont'd)

(Refer to Notes 2(dd) and 3 to the financial statements) (Cont'd)

Our audit procedures to address the key audit matter

We obtained an understanding of the revenue recognition process, evaluated the design of the relevant internal controls and performed walkthrough of the revenue transactions. We also obtained an understanding of the terms and status of on-going contracts through discussions with management and examination of contract documentation (including correspondences with customers) for recognition of revenue.

We reviewed the contractual terms and conditions and the contractual sums to agreements entered into with customers. Where relevant, we evaluated management's basis for estimating variable considerations to supporting documentations on the additional scopes of work agreed with customers. For selected significant projects, we reviewed the project files and discussed with the project teams to understand the scopes of work to be performed and also assessed management's basis for determining the total budgeted costs estimated through vouching of major budget cost components to letter of awards and quotations from suppliers and subcontractors. We tested projects' stages of completion by checking to supporting documents such as professional's certification of value of work done to-date, approved variations, internal certification or customer's acknowledgement of work completed. In addition, we also assessed the reasonableness of the revenue recognised based on understanding of the project status obtained from our review of the project file and discussion with the project teams. We reviewed project costs incurred against the progress of significant contracts to determine that costs for any delays, penalties, or overruns have been appropriately accounted for.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

1 October 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	(Restated) 2020 \$'000
Revenue	3	98,987	91,693
Cost of sales		<u>(98,534)</u>	<u>(89,765)</u>
Gross profit		453	1,928
Other income	4	6,315	1,644
Marketing and distribution expenses		(828)	(883)
General and administrative expenses		(12,573)	(16,303)
Finance costs	5	(1,502)	(1,842)
Impairment loss on receivables and contract assets		(5,717)	(1,900)
Other operating expenses		(2,644)	(6,866)
Share of results of associate		(7)	(70)
Loss before tax	6	(16,503)	(24,292)
Tax credit	8	999	326
Loss for the financial year		<u>(15,504)</u>	<u>(23,966)</u>
Other comprehensive income/(loss)			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation gain/(loss)		<u>3</u>	<u>(72)</u>
Other comprehensive income/(loss) for the financial year, net of tax		<u>3</u>	<u>(72)</u>
Total comprehensive loss for the financial year		<u>(15,501)</u>	<u>(24,038)</u>
Loss attributable to:			
Equity holders of the Company		<u>(14,545)</u>	<u>(21,556)</u>
Non-controlling interests		<u>(959)</u>	<u>(2,410)</u>
		<u>(15,504)</u>	<u>(23,966)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		<u>(14,543)</u>	<u>(21,623)</u>
Non-controlling interests		<u>(958)</u>	<u>(2,415)</u>
		<u>(15,501)</u>	<u>(24,038)</u>
Loss per share attributable to equity holders of the Company			
Basic and diluted (cents)	9	<u>(4.21)</u>	<u>(7.11)</u>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2021

	Note	Group (Restated)		Company (Restated)	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets					
Property, plant and equipment	10	28,963	28,664	-	95
Investment property	12	-	893	-	-
Goodwill	13	6,896	9,195	-	-
Intangible assets	14	2,303	2,526	156	-
Other investments	15	7,980	6,380	7,980	6,380
Investment in subsidiaries	16	-	-	36,418	39,781
Investment in associate	17	48	368	-	265
Total non-current assets		46,190	48,026	44,554	46,521
Current assets					
Contract assets	18	17,354	21,874	-	-
Asset held for sale	19	348	2,330	265	-
Inventories	20	677	1,510	-	-
Trade and other receivables	21	34,401	32,473	20,184	24,195
Cash and bank balances	22	15,493	12,584	666	132
Tax recoverable		65	25	-	-
Total current assets		68,338	70,796	21,115	24,327
Total assets		114,528	118,822	65,669	70,848
Non-current liabilities					
Borrowings	23	16,923	10,943	-	-
Deferred tax liabilities	24	578	670	4	4
Lease liabilities	11	4,748	2,035	-	-
Total non-current liabilities		22,249	13,648	4	4
Current liabilities					
Contract liabilities	18	1,512	1,215	-	-
Trade and other payables	25	28,141	25,180	6,136	5,653
Borrowings	23	28,462	29,938	8,600	12,035
Lease liabilities	11	1,775	1,241	-	-
Total current liabilities		59,890	57,574	14,736	17,688
Total liabilities		82,139	71,222	14,740	17,692
Net assets		32,389	47,600	50,929	53,156
Share capital and reserves					
Share capital	26(a)	43,743	43,743	43,743	43,743
Treasury shares	26(b)	(3)	(350)	(3)	(350)
Accumulated (loss)/profits	26(c)	(1,637)	11,442	7,171	8,222
Foreign currency translation reserve	27	(21)	(23)	-	-
Merger reserve	28	(7,338)	(7,338)	-	-
Other reserves		(89)	1,434	18	1,541
Equity attributable to equity holders of the Company		34,655	48,908	50,929	53,156
Non-controlling interests		(2,266)	(1,308)	-	-
Total equity		32,389	47,600	50,929	53,156

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	← Attributable to equity holders of the Company →								
	Share capital \$'000	Accumulated profits/(loss) \$'000	Merger reserve \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
2021									
Balance at 1.7.2020, as restated	43,743	11,442	(7,338)	(350)	(23)	1,434	48,908	(1,308)	47,600
Loss for the financial year <i>Other comprehensive income</i>	-	(14,545)	-	-	-	-	(14,545)	(959)	(15,504)
Foreign currency translation gain, net of tax (Note 27)	-	-	-	-	2	-	2	1	3
Total comprehensive (loss)/income for the financial year	-	(14,545)	-	-	2	-	(14,543)	(958)	(15,501)
<i>Contributions by and distributions to equity holders</i>									
Treasury shares reissued pursuant to remaining consideration payable for acquisition of a subsidiary	-	-	-	347	-	(57)	290	-	290
Extinguishment of expired warrants	-	1,466	-	-	-	(1,466)	-	-	-
Total transactions with equity holders of the Company	-	1,466	-	347	-	(1,523)	290	-	290
Balance at 30.6.2021	<u>43,743</u>	<u>(1,637)</u>	<u>(7,338)</u>	<u>(3)</u>	<u>(21)</u>	<u>(89)</u>	<u>34,655</u>	<u>(2,266)</u>	<u>32,389</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	← Attributable to equity holders of the Company →						Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Accumulated profits / (loss) \$'000	Merger reserve \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000			
2020									
Balance at 1.7.2019	29,618	34,309	(7,338)	(267)	44	1,065	57,431	2,123	59,554
Loss for the financial year, restated	-	(21,556)	-	-	-	-	(21,556)	(2,410)	(23,966)
<i>Other comprehensive income</i>									
Foreign currency translation loss, net of tax (Note 27)	-	-	-	-	(67)	-	(67)	(5)	(72)
Total comprehensive loss for the financial year	-	(21,556)	-	-	(67)	-	(21,623)	(2,415)	(24,038)
<i>Contributions by and distributions to equity holders</i>									
Issue of shares (Note 26(a))	14,125	-	-	-	-	-	14,125	-	14,125
Dividend (Note 30)	-	(1,197)	-	-	-	-	(1,197)	(102)	(1,299)
Purchase of treasury shares (Note 26(b))	-	-	-	(83)	-	-	(83)	-	(83)
Issuance of warrants pursuant to acquisition of subsidiaries (Note 16)	-	-	-	-	-	1,466	1,466	-	1,466
Acquisition of non- controlling interest without change in control (Note 16(ii))	-	(114)	-	-	-	(1,097)	(1,211)	(914)	(2,125)
Total transactions with equity holders of the Company	14,125	(1,311)	-	(83)	-	369	13,100	(1,016)	12,084
Balance at 30.6.2020, as restated	<u>43,743</u>	<u>11,442</u>	<u>(7,338)</u>	<u>(350)</u>	<u>(23)</u>	<u>1,434</u>	<u>48,908</u>	<u>(1,308)</u>	<u>47,600</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	2021 \$'000	(Restated) 2020 \$'000
Cash flows from operating activities		
Loss before tax	(16,503)	(24,292)
Adjustments for:		
Amortisation of intangible assets	445	839
Depreciation of property, plant and equipment	5,035	4,444
Depreciation of investment property	9	18
Gain on disposal of property, plant and equipment (net)	(6)	(71)
Gain on disposal of asset held for sale	(2,170)	-
Gain on disposal of investment property	(6)	-
Contract assets written off	2,421	-
Interest income	(216)	(73)
Interest expense	1,402	1,734
Property, plant and equipment written off	117	-
Allowance for impairment on receivables and contract assets (net)	3,296	1,900
Share of results of associate	7	70
Net fair value (gain)/loss of other investments	(693)	331
Loss on derecognition of financial assets	-	48
Impairment loss on goodwill	2,299	5,802
Receivables written off	114	1,380
Bargain purchase from acquisition of a business (Note 35)	-	(299)
Impairment loss of intangible assets	-	666
Intangible assets written off	24	-
Bad debts written back	(12)	-
Inventories written off	137	-
Gain on distribution from other investment	(907)	-
Gain on lease termination	(6)	-
Operating loss before working capital changes	(5,213)	(7,503)
Contract assets	1,997	8,880
Contract liabilities	299	62
Trade and other receivables	(4,460)	4,646
Trade and other payables	2,581	(3,356)
Inventories	696	367
Cash (used in)/generated from operations	(4,100)	3,096
Interest received	216	82
Tax refund/(paid)	865	(473)
Net cash (used in)/generated from operating activities	(3,019)	2,705
Cash flows from investing activities		
Additions to intangible assets	(151)	-
Purchases of property, plant and equipment (Note 10)	(960)	(597)
Proceeds from disposal of investment property	890	-
Proceeds from disposal of property, plant and equipment and asset held for sale	4,705	256
Proceeds from disposal of other investments	-	975
Acquisition of subsidiaries, net of cash acquired (Note 16)	-	(12,000)
Acquisition of a business, net of cash acquired (Note 35)	-	(597)
Net cash generated from/(used in) investing activities	4,484	(11,963)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	2021 \$'000	(Restated) 2020 \$'000
Cash flows from financing activities		
Withdrawal/(placement) of fixed deposits pledged to bank	961	(311)
Drawdown of borrowings	26,787	13,957
Repayment of borrowings	(21,277)	(9,268)
Repayment of lease liabilities	(1,600)	(1,560)
Dividend paid	-	(1,197)
Purchase of treasury shares	-	(83)
Due to related parties (non-trade)	(48)	160
Proceeds from issuance of ordinary shares	-	12,000
Interest paid	(1,351)	(1,420)
Net cash generated from financing activities	3,472	12,278
Net increase in cash and cash equivalents	4,937	3,020
Cash and cash equivalents at beginning of financial year	8,219	5,199
Cash and cash equivalents at end of financial year	13,156	8,219

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2021 \$'000	2020 \$'000
Cash in hand and at bank (Note 22)	13,133	9,262
Fixed deposits (Note 22)	2,360	3,322
	15,493	12,584
Less: Fixed deposits pledged (Note 22)	(2,150)	(3,111)
Less: Bank overdrafts (Note 23)	(187)	(1,254)
	13,156	8,219

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

The Company (Co. Reg. No. 201230294M) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is at No. 8 Changi North Street 1, Singapore 498829.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 16.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand (\$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within next financial year, are disclosed in Note 2(dd).

The carrying amounts of cash and bank balances, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the end of the reporting period. Subsidiary companies are consolidated from the date of acquisition, being the date which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Associates

An associate is an entity over which the Group has significant influence but not control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investment in associate is carried at cost less accumulated impairment loss, if any. On disposal of investment in associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

f) Other intangible assets

(i) *Goodwill (see Note 2e)*

(ii) *Other intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. The Group's intangible assets with indefinite useful lives are trademarks and knowhow.

Amortisation for intangible assets with finite lives is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Other intangible assets (Cont'd)

(ii) Other intangible assets (Cont'd)

The estimated useful lives are as follows:

Brand	-	10 years
Licences	-	9 to 29 months
Service agreements	-	3 years
Customer relationship	-	7 years
Software	-	3 years

Order book is amortised using the percentage of the actual realisation of order book not exceeding 2 years.

g) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

Furniture and fittings	3 - 5 years
Renovation	3 - 5 years
Office equipment and fittings	3 - 5 years
Site equipment and fittings	4 - 6 years
Motor vehicles	2 - 10 years
Gondolas and machineries	3 - 10 years
Computers	3 years
Leasehold properties	Over remaining lease period
Bicycles	4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Investment property

Investment property comprises a leasehold building that are held to earn rental income and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts of the leasehold building over the estimated useful lives of 55 years. The residual values, useful lives and depreciation method of the investment property are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

i) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when, and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (Cont'd)

Subsequent measurement

(a) *Debt instruments*

Debt instruments include cash and cash equivalents and trade and other receivables (excluding prepayments).

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

(b) *Equity instruments*

The Group measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income".

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (Cont'd)

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave), borrowings and lease liabilities. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than fair value through profit or loss, directly attributable transaction costs. Subsequent to initial recognition, financial liabilities not at fair value through profit or loss and other than financial guarantee are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

m) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

n) Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in other reserves. Voting rights related to treasury shares are nullified for the Group and no dividend is allocated to them respectively.

o) Merger reserve

Entities under common control acquired during the restructuring exercise in 2013 are accounted for by applying the pooling of interest method. Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control, following the application of pooling of interest method. This reserve will remain until the subsidiaries are disposed.

p) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from construction contract

The Group provides building maintenance and estate upgrading, coating and painting, waterproofing, commercial interior design and home retrofitting, landscaping, and mechanical and electrical services to customers through fixed price contracts. The Group has determined that construction contract revenue is recognised over time by measuring the progress towards complete satisfaction of performance obligation based on output method as the customer simultaneously receives and consumes the benefits provided by the Group's satisfaction of the performance obligation promised in the contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Revenue recognition (Cont'd)

Revenue from construction contract (Cont'd)

Construction contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the professional's certification of value of work done to-date, approved variations, internal certification or customer's acknowledgement of work completed.

Progress billings to the customer is based on certified progress on the construction project. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

Contract modifications that add distinct goods or services at their standalone selling prices are accounted for as separate contracts. Contract modifications that add distinct goods and services but not at their standalone selling prices are accounted for as a continuation of the existing contract. The Group combines the remaining consideration in the original contract with the consideration promised in the modification to create new transaction price that is then allocated to all remaining performance obligations. Contract modification that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. SFRS(I) 1-2 *Inventories*), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Revenue from services rendered

Revenue from leasing of boomlift and project management services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion is determined as the proportion of the total time expected to perform the services that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for the services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date. A contract liability is recognised when the Group has not satisfied the performance obligation but has received advance consideration from the customer. Contract liabilities are recognised as revenue as the Group satisfies its performance obligation under its contracts.

Revenue from sale of goods

The Group transfers control and recognises a sale when they deliver goods i.e. eco-friendly solutions and projects to their customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the contract. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Revenue recognition (Cont'd)

Revenue from bike sharing

Revenue from bike rental services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the usage by the individual for the period. If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made. A contract liability is the Group's obligation to provide services to a customer for which the Group has received consideration from the customer.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the rights to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

q) Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

r) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using a first-in first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

s) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Group is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Leases (Cont'd)

Where the Group is the lessee (Cont'd)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the lease asset transfers to the Company at the end of the lease term or the costs reflects the exercise of the purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position. Right-of-use asset which meets the definition of an investment property are presented within "investment property" and accounted in accordance with Note 2(h).

The Group applies SFRS(I) 1-36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(j).

Where the Group is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

u) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

v) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

w) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

x) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group are presented in Singapore dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

x) Functional and foreign currencies (Cont'd)

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

y) Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

z) Cash and cash equivalents in the statement of cash flows

For the purposes of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are readily convertible and subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management and excludes pledged deposits. Bank overdrafts are presented as borrowings on the statements of financial position.

aa) Related parties

Related parties refer to companies which are controlled by the Group's key management personnel and a major corporate shareholder.

bb) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

cc) Assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

dd) Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Going concern assumption

The Group and the Company incurred a net loss of \$15.5 million and \$2.52 million respectively during the financial year ended 30 June 2021. The Group incurred net cash used in operating activities of \$3.02 million during the financial year.

The Group's working capital primarily comprises contract assets and trade receivables. The COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments. As a result, the Group's operations and financial performance have been impacted by, among others, shortages in labour resources, cost inflations and disruptions to raw material supply chains, and disruptions to the work of sub-contractors due to COVID-19 restriction measures as well as sustained cross border control restrictions.

However, the Group and the Company remain confident that with the secured order book on hand as at 30 June 2021 of \$165.2 million, continuing support from the financial institutions for credit lines and government's measures to support the construction industry, the Group will be able to generate sufficient cash flows from its operations in the next 12 months. As such, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Impairment assessment of goodwill

Management performs an annual impairment assessment of goodwill to determine the recoverable amount, which is the higher of fair value less cost of disposal ("FVLCD") and value in use ("VIU") of the cash-generating unit.

The determination of FVLCD is based on the cash consideration for the proposed disposal of the CGU subsequent to the end of the reporting period. The determination of VIU of the CGU was based on the discounted cash flow ("DCF") method. The use of DCF involves significant judgement in forecasting and discounting future cash flows and includes assumption on terminal growth rate and discount rate. Details of the impairment assessment on the assumptions and the carrying values of the Group's goodwill assets at the end of the reporting period are disclosed in Note 13. Any changes in the assumptions made and discount rate applied could affect the impairment assessment.

Impairment of non-financial assets (other than goodwill)

At each reporting date, the Group and Company assess whether there are any indications of impairment for all non-financial assets. The Group and Company also assess whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, other than goodwill, may no longer exist or may have decreased.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

dd) Key source of estimation uncertainty (Cont'd)

Impairment of non-financial assets (other than goodwill) (Cont'd)

If any such indication exists, the Group and Company estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. Where FVLCD is being used for impairment assessment of investment in subsidiaries, the determination is based on the cash consideration for the proposed disposal of the investment subsequent to the end of the reporting period. The carrying values of the Group's and Company's property, plant and equipment, investment property, intangible assets and investment in associate are disclosed in Notes 10, 12, 14 and 17. The key assumptions and estimates applied in the Company's impairment assessment of its investments in subsidiaries and the carrying amounts of the investments are disclosed in Note 16. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

Calculation of allowance for impairment for financial assets at amortised cost

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are based on days past due for groupings that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The estimates on ECL have included expected effects of the COVID-19 pandemic might have on the recoverability of the Group's trade receivables and contract assets. The information about the ECL and the carrying amount of the Group's trade receivables is disclosed in Note 32(b).

Construction contracts

The Group has determined that construction contract revenue is recognised over time by measuring the progress towards complete satisfaction of performance obligation based on output method as the customer simultaneously receives and consumes the benefits provided by the Group's satisfaction of the performance obligation promised in the contracts.

Construction contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the professional's certification of value of work done to-date, approved variations, internal certification or customer's acknowledgement of work completed.

Significant judgement and estimation applied in assessing the stage of completion can significantly impact the results of the Group. Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers.

The carrying amounts of the contract assets and liabilities arising at the end of each reporting period are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

3 REVENUE

	Group	
	2021 \$'000	2020 \$'000
Revenue from construction contracts	91,404	85,777
Revenue from other services	2,769	3,242
Revenue from leasing	4,699	2,419
Sale of goods	115	255
	<u>98,987</u>	<u>91,693</u>

The following table provides a disaggregation disclosure of the Group's revenue by timing of revenue recognition.

	Group	
	2021 \$'000	2020 \$'000
Timing revenue recognition		
Over time	98,872	91,438
At a point in time	115	255
	<u>98,987</u>	<u>91,693</u>

The Group expects to recognise \$127,579,000, \$31,045,000 and \$6,609,000 (2020: \$130,870,000, \$10,168,000, \$7,005,000 and \$2,694,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2021 in the financial year 2022, 2023 and 2024 (2020: financial year 2021, 2022, 2023 and 2024).

4 OTHER INCOME

	Group (Restated)	
	2021 \$'000	2020 \$'000
Government grants	1,311	900
Gain on disposal of property, plant and equipment	35	109
Gain on disposal of asset held for sales	2,170	-
Gain on disposal of investment property	6	-
Interest income	216	73
Administrative income	113	42
Fair value gain/(loss) of other investment	693	(331)
Sales of spare parts	113	172
Foreign exchange gain	138	70
Bargain purchase from acquisition of a business	-	299
Gain on distribution from other investment	907	-
Bad debts written back	12	-
Others	601	310
	<u>6,315</u>	<u>1,644</u>

Government grants include Wage Credit Scheme, Enhanced Special Employment Credit and other grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

5 FINANCE COSTS

	Group	
	2021 \$'000	2020 \$'000
Interest expense:		
- Lease	227	193
- Factoring loan	-	6
- Term loan	747	869
- Others	428	666
Bank charges	70	60
Factoring charges	30	48
	<u>1,502</u>	<u>1,842</u>

6 LOSS BEFORE TAX

	Group (Restated)	
	2021 \$'000	2020 \$'000
This is arrived at after charging/(crediting):		
Allowance for impairment for third parties (Note 32(b)):		
- Contract assets	101	1,397
- Trade receivables	136	503
- Other receivables	3,059	-
Amortisation of intangible asset (Note 14)	445	839
Audit fee paid/payable to auditor of the Company	198	213
Audit fee paid/payable to other auditors	21	5
Contract assets written off	2,421	-
Fees for non-audit services payable to auditor of the Company	-	41
Fees for non-audit services payable to other auditors	28	36
Depreciation of property, plant and equipment (Note 10)	5,035	4,444
Depreciation of investment property (Note 12)	9	18
Impairment loss on goodwill (Note 13)	2,299	5,802
Receivables written off	114	1,380
Loss on disposal of property, plant and equipment	29	38
Personnel expenses (Note 7)	28,417	31,053
Property, plant and equipment written off	117	-
Lease expense - short-term leases (Note 11)	1,585	1,273
Loss on derecognition of financial asset	-	48
Intangible assets written off	24	-
Inventories written off	137	-
Gain on lease termination	(6)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

7 PERSONNEL EXPENSES

	Group	
	2021 \$'000	2020 \$'000
Directors of the Company:		
- Salaries and bonus	1,111	1,033
- CPF	31	30
- Fees	145	148
- Other short-term benefits	108	106
Other directors of the subsidiaries:		
- Salaries and bonus	1,058	1,020
- CPF	89	91
- Fees	-	113
- Other short-term benefits	170	181
Other key management personnel (non-directors):		
- Salaries and bonus	423	311
- CPF	41	27
- Other short-term benefits	58	29
Total remuneration of key management personnel	3,234	3,089
Staff costs:		
- Salaries and bonus	19,098	20,936
- CPF	1,273	1,325
- Other short-term benefits	4,812	5,703
	28,417	31,053

Singapore Government's grants under the Jobs Support Scheme ("JSS") amounting to \$3,245,000 (2020: \$1,198,000) have been recorded as a reduction to the personnel expenses during the financial year ended 30 June 2021. Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

8 TAX CREDIT

	Group (Restated)	
	2021 \$'000	2020 \$'000
Tax credit attributable to loss is made up of:		
Income tax:		
- Current year	9	(54)
- Over provision in prior years	(916)	(37)
Deferred tax:		
- Current year	(53)	(128)
- Over provision in prior years	(39)	(107)
	(999)	(326)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

8 TAX CREDIT (CONT'D)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to loss before tax due to the following factors:

	Group (Restated)	
	2021 \$'000	2020 \$'000
Loss before tax	(16,503)	(24,292)
Tax calculated at a tax rate of 17% (2020: 17%)	(2,805)	(4,129)
Expenses not deductible for tax purposes	1,455	1,572
Income not subject to tax	(1,255)	(321)
Utilisation of prior year unrecognised deferred tax assets	-	(58)
Over provision of taxation in prior years	(955)	(144)
Deferred tax assets not recognised for the financial year	2,630	2,715
Effect of tax incentives	-	(5)
Others	(69)	44
	(999)	(326)

At the end of the reporting period, the Group had potential tax benefits arising from unutilised tax losses and capital allowances amounting to about \$32,085,000 (2020: \$16,614,000) that are available to carry-forward to offset against future taxable income, subject to the agreement of the tax authority and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The potential deferred tax assets of \$5,454,000 (2020: \$2,824,000) has not been recognised in the financial statements as it is not probable that future taxable profit will be available against which the related tax benefits can be utilised therefrom.

9 LOSS PER SHARE

The following reflects the loss attributable to the equity holders of the Company used in the earnings per share computation:

	Group (Restated)	
	2021	2020
Loss attributable to equity holders of the Company (\$'000)	(14,545)	(21,556)
Weighted average number of ordinary shares ('000)	345,837	303,146
Loss per share (cents)		
- Basic and diluted	(4.21)	(7.11)

For the financial year ended 30 June 2021 and 2020, there was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings \$'000	Renovation \$'000	Office equipment and fittings \$'000	Site equipment and fittings \$'000	Motor vehicles \$'000	Gondolas and machineries \$'000	Computers \$'000	Leasehold properties \$'000	Bicycles \$'000	Total \$'000
Group 2021										
Cost										
At 1.7.2020	138	5,761	424	936	8,668	11,763	1,759	16,325	3,325	49,099
Additions	-	87	11	60	859	151	179	4,363	173	5,883
Modification of lease liabilities	-	-	-	-	(117)	-	-	-	-	(117)
Disposals	-	-	(4)	(2)	(828)	(103)	(17)	-	(141)	(1,095)
Written off	(13)	-	(35)	(259)	(50)	(86)	(3)	-	-	(446)
Reclassified to intangible assets (Note 14)	-	-	-	-	-	-	(107)	-	-	(107)
Exchange differences	-	-	-	-	-	-	2	-	-	2
At 30.6.2021	125	5,848	396	735	8,532	11,725	1,813	20,688	3,357	53,219
Accumulated depreciation										
At 1.7.2020	85	1,731	294	638	4,379	7,788	1,544	2,492	1,484	20,435
Additions	26	594	69	115	943	833	93	991	1,371	5,035
Modification of lease liabilities	-	-	-	-	(45)	-	-	-	-	(45)
Disposals	-	-	(3)	(2)	(617)	(62)	(17)	-	(125)	(826)
Written off	(12)	-	(35)	(198)	(32)	(49)	(3)	-	-	(329)
Reclassified to intangible assets (Note 14)	-	-	-	-	-	-	(12)	-	-	(12)
Exchange differences	-	-	-	-	-	-	-	-	-	(2)
At 30.6.2021	99	2,325	325	553	4,626	8,510	1,605	3,483	2,730	24,256
Net carrying value										
At 30.6.2021	26	3,523	71	182	3,906	3,215	208	17,205	627	28,963

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings \$'000	Renovation \$'000	Office equipment and fittings \$'000	Site equipment and fittings \$'000	Motor vehicles \$'000	Gondolas and machineries \$'000	Computers \$'000	Leasehold properties \$'000	Bicycles \$'000	Total \$'000
(Restated)										
Group										
2020										
Cost										
At 1.7.2019	119	5,668	353	814	8,346	11,719	1,560	16,325	1,748	46,652
Recognition of right-of-use assets on initial application of SFRS(I) 16	-	-	10	-	54	-	-	-	-	64
At 1.7.2019, restated	119	5,668	363	814	8,400	11,719	1,560	16,325	1,748	46,716
Additions	16	93	22	130	614	175	155	-	117	1,322
Disposals	-	-	-	(8)	(459)	(133)	(5)	-	-	(605)
Arising from acquisition of subsidiaries (Note 16)	2	-	41	-	106	-	50	-	-	199
Acquisition of a business	-	-	-	-	-	-	-	-	1,461	1,461
Exchange differences	1	-	(2)	-	7	2	(1)	-	(1)	6
At 30.6.2020	138	5,761	424	936	8,668	11,763	1,759	16,325	3,325	49,099
Accumulated depreciation										
At 1.7.2019	56	1,111	222	531	3,745	7,058	1,352	1,828	502	16,405
Depreciation charge	29	620	70	116	908	857	196	665	983	4,444
Disposals	-	-	-	(8)	(279)	(129)	(4)	-	-	(420)
Exchange differences	-	-	2	(1)	5	2	-	(1)	(1)	6
At 30.6.2020	85	1,731	294	638	4,379	7,788	1,544	2,492	1,484	20,435
Net carrying value										
At 30.6.2020 (Restated)	53	4,030	130	298	4,289	3,975	215	13,833	1,841	28,664

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers	
	2021 \$'000	2020 \$'000
Company		
Cost		
At 1 July	107	-
Additions	-	107
Reclassified to intangible assets (Note 14)	(107)	-
At 30 June	-	107
Accumulated depreciation		
At 1 July	12	-
Depreciation charge	-	12
Reclassified to intangible assets (Note 14)	(12)	-
At 30 June	-	12
Net carrying value		
At 30 June	-	95

- (a) The leasehold properties with carrying amount of \$13,167,000 (2020: \$13,833,000) are mortgaged to a bank to secure banking facilities of the Group (Note 23).
- (b) Included in property, plant and equipment are right-of-use assets of \$21,627,000 (2020: \$19,748,000) (Note 11).
- (c) Non-cash transactions

	Group	
	2021 \$'000	2020 \$'000
Aggregate cost of property, plant and equipment acquired	5,883	1,322
Less: Acquired under lease arrangement (Note 11)	(4,923)	(725)
Net cash outflow for purchase of property, plant and equipment	960	597

11 LEASE LIABILITIES

	Group	
	2021 \$'000	2020 \$'000
The lease liabilities are analysed as follows:		
Current	1,775	1,241
Non-current	4,748	2,035
	6,523	3,276

The Group as a lessee

Nature of the Group's leasing activities:

The Group leasing activities comprise of the following:

- The Group leases various office equipment, bicycles, plant and machineries, warehouse and motor vehicles from non-related parties. The leases have an average tenure from one to seven years.
- The Group also leases various site equipment, office equipment, warehouse, accommodation and motor vehicles, which have contractual terms of one month to twelve months. As these leases are short-term, the Group has elected not to recognise right-of-use asset and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

11 LEASE LIABILITIES (CONT'D)

The Group as a lessee (Cont'd)

Nature of the Group's leasing activities: (Cont'd)

The maturity analysis of the lease liabilities is disclosed in Note 32(b).

Information about leases for which the Group is a lessee is presented below:

- (a) Carrying amount of right-of-use assets classified within property, plant and equipment are as follows:

	Group	
	30.6.2021 \$'000	30.6.2020 \$'000
Office equipment and fittings	43	77
Motor vehicles	3,025	3,067
Gondolas and machineries	1,354	2,296
Bicycles	-	475
Leasehold properties	17,205	13,833
	<u>21,627</u>	<u>19,748</u>

Additions to right-of-use assets during the financial year were \$5,035,000 (2020: \$725,000).

- (b) Depreciation charge of right-of-use assets recognised in the consolidated statement of comprehensive income:

	Group	
	2021 \$'000	2020 \$'000
Office equipment and fittings	34	28
Motor vehicles	548	510
Gondolas and machineries	229	374
Bicycles	-	190
Leasehold properties	991	665

- (c) Lease expense not included in the measurement of lease liabilities:

	Group	
	2021 \$'000	2020 \$'000
Lease expense – short-term leases (Note 6)	1,585	1,273
Interest expense on lease liabilities (Note 5)	227	193

Total cash flows for lease amounted to \$3,412,000 (2020: \$3,026,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

11 LEASE LIABILITIES (CONT'D)

The Group as a lessor

The Group leased out its investment property to a third party for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 12.

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	Lease liabilities	
	2021 \$'000	2020 \$'000
Balance as at 1 July	3,276	-
Reclassification from finance lease liabilities (Note 23)	-	4,047
Adoption of SFRS(I) 16	-	64
Changes from financing cash flows:		
- Repayments of principal	(1,600)	(1,560)
- Repayment of interest	(227)	(193)
Non-cash changes		
- Interest expense	227	193
- New leases	4,923	725
- Derecognition of leases	(76)	-
Balance as at 30 June	<u>6,523</u>	<u>3,276</u>

12 INVESTMENT PROPERTY

	Group	
	2021 \$'000	2020 \$'000
Cost		
At 1 July	983	983
Disposal	(983)	-
At 30 June	<u>-</u>	<u>983</u>
Accumulated depreciation		
At 1 July	90	72
Depreciation charge	9	18
Disposal	(99)	-
At 30 June	<u>-</u>	<u>90</u>
Net carrying value		
At 30 June	<u>-</u>	<u>893</u>
Fair value	<u>-</u>	<u>905</u>

The Group has disposed the investment property to third party for \$890,000.

In FY2020, the investment property was mortgaged to a bank to secure banking facilities of the Group (Note 23).

Rental income and direct operating expenses arising from the investment property during the financial year are amounting to \$17,000 (2020: \$49,000) and \$3,000 (2020: \$5,900) respectively.

The basis of determination of fair value is disclosed in Note 32(c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

12 INVESTMENT PROPERTY (CONT'D)

The following table shows the maturity analysis of the undiscounted lease payments to be received.

	Group	
	2021 \$'000	2020 \$'000
Less than one year	-	47
1 to 2 years	-	2
Total undiscounted lease payments	-	49

13 GOODWILL

	Group (Restated)	
	2021 \$'000	2020 \$'000
Cost		
At 1 July	15,575	3,236
Acquisition of subsidiaries (Note 16)	-	12,339
At 30 June	15,575	15,575
Accumulated impairment losses		
At 1 July	6,380	578
Charge for the year	2,299	5,802
At 30 June	8,679	6,380
Net carrying value		
At 30 June	6,896	9,195

Impairment testing of goodwill

The carrying values of the Group's goodwill on acquisition of subsidiaries as at 30 June 2021 were assessed for impairment during the financial year.

Goodwill allocated to the respective cash generating unit ("CGU") are as follows:

	Group	
	2021 \$'000	2020 \$'000
Cash Generating Unit and principal activities		
CGU 1 - Repair & redecoration and coatings & paintings	1,383	1,383
CGU 2 - Landscaping works	279	279
CGU 3 - Leasing service*	-	-
CGU 4 - Commercial interior designs	175	175
CGU 5 - Projects and construction management	5,059	7,358
	6,896	9,195

* Fully impaired since FY2020

At 30 June 2021, an impairment loss of \$2,299,000 (2020: \$5,802,000) was recognised in statement of comprehensive income under "other operating expenses" to write down goodwill allocated to CGU 5 to its recoverable amount of \$5,059,000 (2020: CGU 3 and CGU 5 of \$7,358,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

13 GOODWILL (CONT'D)

Key assumptions used in the impairment assessment

The recoverable amounts for the CGU 1, CGU 2 and CGU 4 have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. These key inputs and assumptions were estimated by management based on prevailing economic and other conditions at the end of the reporting period, including consideration of the current market conditions due to COVID-19 pandemic. The key assumptions applied to the 5-year cash flow projections are as follows:

	CGU 1	CGU 2	CGU 3	CGU 4	CGU 5
2021					
Forecast revenue growth rate (Year 1)	85%	29%	-	11%	-
Forecast revenue growth rate (Year 2 to 5)	1.81%	1.81%	-	1.81%	-
Terminal value growth rate	1.81%	1.81%	-	1.81%	-
Pre-tax discount rate	18.20%	15.22%	-	13.65%	-
2020					
Forecast revenue growth rate (Year 1)	29%	45.9%	5%	19%	(70%)
Forecast revenue growth rate (Year 2 to 5)	4%	2.48%	5%	2.48%	1.9%
Terminal value growth rate	1.9%	1.9%	1.9%	1.9%	1.9%
Pre-tax discount rate	18.18%	17.38%	11.86%	15.94%	15.70%

Forecast revenue growth rate - Revenue is computed based on secured order book and potential contracts.

Terminal value growth rate - Cash flows beyond the five-year period are forecasted based on terminal growth rate of 1.81% (2020: 1.90%) which does not exceed the nominal GDP rates for the countries in which the CGU operates.

Pre-tax discount rate - Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity.

For CGU 5, the recoverable amount is determined based on fair value less cost of disposal of the CGU. The fair value is determined based on the cash consideration for the proposed disposal of the CGU subsequent to the end of reporting period (Note 36).

For CGU 1, CGU 2 and CGU 4, any reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

14 INTANGIBLE ASSETS

	Order books and customer contracts \$'000	Brand \$'000	Licenses \$'000	Service agreements \$'000	Customer relationship \$'000	Software \$'000	Total \$'000
Group							
Cost							
At 1 July 2019	5,140	1,362	43	185	1,022	278	8,030
Acquisition of business	-	-	-	-	-	290	290
Additions	666	-	1,000	-	-	-	1,666
At 30 June 2020	5,806	1,362	1,043	185	1,022	568	9,986
Reclassified from property, plant and equipment (Note 10)	-	-	-	-	-	107	107
Additions	-	-	-	-	-	151	151
Written off	-	-	-	-	-	(51)	(51)
At 30 June 2021	5,806	1,362	1,043	185	1,022	775	10,193
Accumulated amortisation							
At 1 July 2019	4,756	476	43	172	365	143	5,955
Amortisation	384	136	92	13	146	68	839
Impairment	666	-	-	-	-	-	666
At 30 June 2020	5,806	612	135	185	511	211	7,460
Reclassified from property, plant and equipment (Note 10)	-	-	-	-	-	12	12
Amortisation	-	136	100	-	146	63	445
Written off	-	-	-	-	-	(27)	(27)
At 30 June 2021	5,806	748	235	185	657	259	7,890
Net carrying amount							
At 30 June 2020 (Restated)	-	750	908	-	511	357	2,526
At 30 June 2021	-	614	808	-	365	516	2,303

In FY2020, the acquisition of license amounting to \$1,000,000 was based on terms agreed between the Group and the director of the subsidiary (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

14 INTANGIBLE ASSETS (CONT'D)

	Favourable contracts \$'000	Software \$'000	Total \$'000
Company			
Cost			
At 1 July 2019 and 30 June 2020	192	-	192
Additions	-	119	119
Reclassified from property, plant and equipment (Note 10)	-	107	107
At 30 June 2021	192	226	418
Accumulated amortisation			
At 1 July 2019 and 30 June 2020	192	-	192
Reclassified from property, plant and equipment (Note 10)	-	12	12
Amortisation	-	58	58
At 30 June 2021	192	70	262
Net carrying amount			
At 30 June 2020	-	-	-
At 30 June 2021	-	156	156

15 OTHER INVESTMENTS

	Group and Company	
	2021	2020
	\$'000	\$'000
Financial assets at fair value through profit or loss		
- Equity shares (unquoted)	7,980	6,380

Unquoted equity shares represent interest in a company in Singapore which is engaged in solar energy solutions including financing, designing, installation, and maintenance services. The fair values of the unquoted equity shares is determined by reference to the share issuance transaction price of the investee company during the year. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

16 INVESTMENT IN SUBSIDIARIES

	Company (Restated)	
	2021	2020
	\$'000	\$'000
Unquoted equity shares, at cost		
Balance at beginning of financial year	52,382	36,781
Acquisition during financial year	-	13,466
Incorporation of a subsidiary	-	10
Acquisition of non-controlling interests in a subsidiary	-	2,125
	52,382	52,382
Less: Allowance for impairment in value	(15,964)	(12,601)
	36,418	39,781
Movement in allowance for impairment in value are as follows:		
Balance at beginning of financial year	12,601	3,095
Allowance made during the financial year	3,363	9,506
Balance at end of financial year	15,964	12,601

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

16 INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) The details of the subsidiaries are as follows:

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held	
		2021 %	2020 %
<i>Held by the Company</i>			
ISO-Team Corporation Pte. Ltd.* (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration services	100	100
Raymond Construction Pte. Ltd.* (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration services	100	100
TMS Alliances Pte. Ltd.* (Singapore)	Provision of Repair and Redecoration services	100	100
ISOTeam Green Solutions Pte. Ltd.* (Singapore)	Provision of eco-friendly solutions and products and products related to Repair and Redecoration and Addition and Alteration services	100	100
ISO-Seal Waterproofing Pte. Ltd.* (Singapore)	Provision of reroofing and waterproofing services	100	100
Zara@ISOTeam Pte. Ltd.* (Singapore)	Provision of interior design and space planning services	51	51
Industrial Contracts Marketing (2001) Pte Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	100	100
ISOTeam C&P Pte. Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	100	100
ISO-Landscape Pte. Ltd.* (Singapore)	Provision of landscape care and maintenance service activities	100	100
ISOTeam Access Pte. Ltd.* (Singapore)	Leasing of boom lift and related machineries	100	100
ISOTeam Projects Pte. Ltd.*	Provision of Addition and Alteration services and commercial interior designs	100	100
ISOTeam Homecare Pte. Ltd.*	Provision of handyman services	100	100
ISO-Integrated M&E Pte. Ltd.* (Singapore)	Provision of electrical engineering services	100	100
SG Bike Pte. Ltd.* (Singapore)	Provision of bike sharing services	51	51
ISO-Homecare Pte. Ltd.* (Singapore)	Provision of handyman services	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

16 INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) The details of the subsidiaries are as follows (Cont'd):

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held	
		2021 %	2020 %
<i>Held by the Company (Cont'd)</i>			
Pure Group (Singapore) Pte Ltd*	Project and construction management	100	100
Pure Projects Management Sdn Bhd	Renovation works, decoration interior and exterior designers and related services	100	100
Pure Projects Construction Advisory (Shanghai) Ltd. Co	Building program advisory	100	100
Pure Projects SEA Pte Ltd*	Building construction and other holding companies	100	100
<i>Held by Pure Group (Singapore) Pte Ltd</i>			
Pure Projects (Philippines) Inc	Consultancy services	99.9	99.9
<i>Held by Pure Projects SEA Pte Ltd</i>			
Pure Projects SEA Ltd	Consultancy services and Projects management	49	49
<i>Held by TMS Alliances Pte. Ltd.</i>			
ISOTeam TMS (Myanmar) Limited#	Provision of Repair and Redecoration services	90	90

* Audited by Baker Tilly TFW LLP, Singapore

Audited by Khin Accountancy Firm, Myanmar

(ii) Acquisition of new subsidiaries

On 21 January 2020, the Company acquired 100% of the issued share capital of Pure Group (Singapore) Pte Ltd, Pure Projects Management Sdn Bhd, Pure Projects Construction Advisory (Shanghai) Ltd. Co, Pure SEA Pte Ltd, Pure Projects (Philippines) Inc and Pure Projects SEA Ltd (collectively known as "Pure Group entities") for a consideration of \$12,000,000 settled in cash.

Contingent consideration arrangement

Pursuant to the sales and purchase agreement with the previous shareholder of the Pure Group entities, additional consideration shares will be issued to the previous shareholder of Pure Group upon fulfilment of the following profit targets:

(a) 11,848,341 consideration shares, if Pure Group entities generates \$3,000,000 consolidated profit after tax from the acquisition date to 30 June 2020 ("Profit Target 1"); and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

16 INVESTMENT IN SUBSIDIARIES (CONT'D)

- (ii) Acquisition of new subsidiaries (Cont'd)

Contingent consideration arrangement (Cont'd)

- (b) 35,545,024 consideration shares, if Pure Group entities generates \$5,000,000 consolidated profit after tax for the financial year ending 30 June 2021 ("Profit Target 2").

In the event that the profit target is not achieved, the previous shareholder has the option to compensate the Company by paying a cash sum being the difference between the profit target and the actual profit achieved ("Top Up Option") to be entitled to the consideration shares. However, if the profit target is not achieved and the previous shareholder does not pay the shortfall, the consideration shares will not be issued.

Fair values of identifiable assets and liabilities of subsidiary at acquisition date

The acquisition of Pure Group was reported based on provisional amounts in the Group financial statement for the year ended 30 June 2020 as the purchase price allocation exercise was not completed. The results of the valuation had not been received at the date of 2020 financial statements were authorised for issue.

The allocation of purchase price to the identifiable assets and liabilities was completed in the current financial year. The Group made certain adjustments in connection with the acquisition of Pure Group as prior year adjustment (Note 35).

	Provisional fair value at date of acquisition value at date \$'000	Fair value adjustments \$'000	Fair values recognised \$'000
Property, plant and equipment	199	-	199
Intangible assets	290	666	956
Trade and other receivables	160	(15)	145
Deferred tax liability	(7)	(166)	(173)
Total identifiable net assets acquired	642	485	1,127
Goodwill arising from acquisition	11,358	981	12,339
Total purchase consideration	12,000	1,466	13,466
Contingent consideration	-	(1,466)	(1,466)
Cash consideration	12,000	-	12,000

The difference between provisional and finalised purchase price allocation had resulted the recognition of intangible asset relating to customer contracts of \$666,000, increase in the carrying amount of goodwill of \$981,000 and trade receivables adjustment of \$15,000 at acquisition date. The deferred tax liability was adjusted accordingly for the fair value adjustments. Arising from the finalised purchase price allocation and based on the recoverable amount of the CGU at 30 June 2020, additional impairment charge of \$981,000 was made as prior year adjustment to the revised goodwill balance as at 30 June 2020. The carrying amount of the goodwill after the adjustments as at 30 June 2020 is \$7,358,000 (Note 35).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

16 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Impairment review of investment in subsidiaries

During the financial year, management performed an impairment test for the investment in Pure Group entities as costs of investment in these subsidiaries exceed the Company's share of net assets in these subsidiaries as at 30 June 2021. Impairment loss of \$3,363,000 (2020: \$9,506,000) was recognised for the financial year ended 30 June 2021 to write down these subsidiaries to their recoverable amounts of \$4,350,000 (2020: \$7,357,000). The recoverable amount as at 30 June 2021 is determined based on fair value less cost of disposal of the investment. The fair value is determined based on the cash consideration for the proposed disposal of the investment subsequent to the end of reporting period (Note 36). For FY2020, the recoverable amount of the investment in these subsidiaries were determined based on value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period by taking into account the current market conditions due to COVID-19 pandemic are as follows:

	Pure Group entities 2020 %
Forecast revenue growth rate (Year 1)	(70)
Forecast revenue growth rate (Year 2 to 5)	1.9
Pre-tax discount rate	<u>15.70</u>

(iv) Acquisition of non-controlling interests without a change in control

In FY2020, the Company acquired an additional 34.1% equity interest in ISO-Integrated M&E Pte. Ltd. ("IME") from its non-controlling interests for a consideration of \$2,125,000 satisfied by the issuance of 12,500,000 shares in the Company. As a result of this acquisition, IME is a wholly-owned subsidiary of the Company as at 30 June 2020.

The following summarises the effect of the change in the Group ownership interest in IME on the equity attributable to equity holders of the Company.

	2020 \$'000
Consideration for acquisition of non-controlling interests	2,125
Carrying amount of non-controlling interests acquired	<u>(914)</u>
Decrease in equity attributable to equity holders of the Company	<u>1,211</u>

The decrease in equity attributable to the equity holders of the Company:

- A decrease in other reserves by \$1,097,000; and
- A decrease in accumulated profits of \$114,000

17 INVESTMENT IN ASSOCIATE

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Unquoted shares				
- At cost	419	419	265	265
Incorporation during the year	35	-	-	-
Share of post-acquisition reserves	(58)	(51)	-	-
Reclassified to non-current assets held to sale (Note 19)	<u>(348)</u>	<u>-</u>	<u>(265)</u>	<u>-</u>
Net carrying amount	<u>48</u>	<u>368</u>	<u>-</u>	<u>265</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

17 INVESTMENT IN ASSOCIATE (CONT'D)

The details of the associate are as follows:

Name of Company	Principal place of business/Country of incorporation	Principal activity	Ownership interest held	
			2021 %	2020 %
<i>Held by Company</i>				
<i>Unquoted equity shares</i>				
ITG Projects Sdn. Bhd.**	Malaysia	Provision for interior design services	40	40
ISOTeam FP Pte. Ltd.#*	Singapore	Provision for painting and decorating	35	-

** Audited by independent overseas member firm of Baker Tilly International

#* Incorporated during the financial year and first set of financial statements to be issued in the next financial year

On 19 November 2020, the Company has invested \$35,000 in ISOTeam FP Pte. Ltd. for 35% equity interest.

The management does not consider the associates to be material to the Group. Accordingly, the summarised financial information of the associates are not disclosed.

18 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction contract and other services. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contract.

The following table provides information about contract assets, contract liabilities and trade receivables from contracts with customers.

	2021 \$'000	Group 2020 \$'000	1.7.2019 \$'000
Contract assets	17,354	21,874	32,151
Contract liabilities	1,512	1,215	263
Trade receivables	23,770	16,005	26,073

The decrease in contract assets is due to timing differences in revenue recognised and billings. The increase in contract liabilities is due to consideration received ahead of provision of services.

Significant changes in the contract assets balances during the financial year are as follow:

	2021 \$'000	Group 2020 \$'000
Allowance for impairment on contract assets	101	1,397
Written off of contract assets	2,421	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

19 ASSET HELD FOR SALE

Leasehold properties

In 2020, the Company had entered into a sale and purchase agreement with a third party for the sales price of \$4,500,000. The sale and purchase of the property has been completed on 20 July 2020.

Investment in associate

As at 30 June 2021, the Company committed to sell off its 40% shareholding in ITG Projects Sdn. Bhd. ("ITGP") to two directors of the Company. Subsequently to the financial year end, the board of directors approved the disposal to related parties for a consideration of \$355,000. As ITGP is expected to be disposed within 12 months from the end of financial year, it has been reclassified from investment in associate to asset held for sale in the statement of financial position as at 30 June 2021.

20 INVENTORIES

	Group	
	2021 \$'000	2020 \$'000
Trading stocks	677	1,510

Inventories included as cost of sales and cost of contracts amounted to \$2,831,000 (2020: \$3,641,000).

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables:				
- Third parties	18,687	12,875	-	-
Less: Allowance for impairment on receivables	(143)	(470)	-	-
	18,544	12,405	-	-
- Related parties (trade)	372	45	-	-
	18,916	12,450	-	-
Retention sums on contracts:				
- Third parties	4,854	3,747	-	-
Less: Allowance for impairment on receivables	-	(192)	-	-
	4,854	3,555	-	-
GST receivables	140	30	-	11
Sundry deposits	1,351	1,015	-	-
Prepayment	676	796	28	6
Sundry receivables:				
- Third parties	11,338	14,627	131	447
- Related parties	185	-	164	-
Less: Allowance for impairment on receivables	(3,059)	-	-	-
	8,464	14,627	295	447
- Subsidiaries	-	-	20,409	23,731
Less: Allowance for impairment on receivables	-	-	(548)	-
	-	-	19,861	23,731
	34,401	32,473	20,184	24,195

The sundry receivables due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in sundry receivables (third parties) is \$2,376,000 (2020: \$4,950,000) relating to amount due from a previous shareholder of the new subsidiaries acquired in FY2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

22 CASH AND BANK BALANCES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash in hand and at bank	13,133	9,262	666	132
Fixed deposits	2,360	3,322	-	-
	15,493	12,584	666	132

Fixed deposits were placed with the reputable financial institutions and matured within 1 to 18 months (2020: 1 to 10 months) from the end of the reporting period. The effective interest rates at year end ranged from 0.05% to 1.25% (2020: from 0.05% to 1.4%) per annum.

Fixed deposits include an amount of \$2,150,000 (2020: \$3,111,000) which have been pledged to banks as collateral for borrowings (Note 23).

23 BORROWINGS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Non-current liability</i>				
Term loans	16,923	10,943	-	-
<i>Current liabilities</i>				
Trust receipts	8,312	7,287	-	-
Bank overdrafts	187	1,254	-	-
Revolving credit facilities	11,661	19,362	7,800	10,000
Term loans	8,302	2,035	800	2,035
	28,462	29,938	8,600	12,035
Total	45,385	40,881	8,600	12,035

The following are the remaining contractual maturities of borrowings of the Group and the Company:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Within 1 year	28,462	29,938	8,600	12,035
Within 2 to 5 years	10,661	4,258	-	-
Over 5 years	6,262	6,685	-	-
	45,385	40,881	8,600	12,035

All borrowings are charged at floating rates.

Group

a) Security granted

The bank borrowings are secured by:

- (i) charges over fixed deposits (Note 22);
- (ii) mortgage over the Group's leasehold and investment properties (Note 10 and Note 12);
- (iii) first fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

23 BORROWINGS (CONT'D)

Group (Cont'd)

- a) Security granted (Cont'd)
- (iv) corporate guarantee from the Company;
- (v) a corporate guarantee by subsidiaries.
- b) Fair value of non-current borrowings

The Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the reporting date. Accordingly, the fair values of these borrowings, determined from discounted cash flow analysis using discount rate ranging between 1.68% to 5.50% (2020: 2.48% to 5.50%) which is the market lending rate that the directors expect would be available to the Group at reporting date, would approximate their carrying amounts at the reporting date.

The fair value is within Level 3 of the fair value hierarchy.

Subsequent to the end of the reporting period, the Company and the subsidiaries obtained waivers from financial institutions with respect to their breach of certain bank covenants as at 30 June 2021.

- c) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Due to a related party and directors of subsidiaries \$'000	Borrowings (excluding bank overdraft) \$'000	Finance lease \$'000	Total \$'000
Balance at 1 July 2019	309	34,819	4,047	39,175
Reclassified to lease liabilities (Note 11)	-	-	(4,047)	(4,047)
Changes from financing cash flows:				
- Proceeds	160	13,957	-	14,117
- Repayments	-	(9,268)	-	(9,268)
- Interest paid	-	(1,227)	-	(1,227)
Non-cash changes:				
- Acquisition of intangible asset (Note 14)	1,000	-	-	1,000
- Others	21	-	-	21
- Interest expense	123	1,346	-	1,469
Effects of changes in foreign exchange rate	38	-	-	38
Balance at 30 June 2020	1,651	39,627	-	41,278
Changes from financing cash flows:				
- Proceeds	-	26,787	-	26,787
- Repayments	(48)	(21,277)	-	(21,325)
- Interest paid	(56)	(1,057)	-	(1,113)
Non-cash changes:				
- Interest expense	56	1,118	-	1,174
Balance at 30 June 2021	1,603	45,198	-	46,801

Company

The revolving credit facilities are repayable on demand and covered by corporate guarantee by subsidiaries. The variable interest rate charged at year end ranged from 3.16% to 4.99% (2020: 3.51% to 4.589%).

The term loan is unsecured and repayable by 6 January 2023. Interest is payable at 7% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

24 DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 July	670	898	4	-
Acquisition of subsidiaries	-	7	-	-
Tax credited to profit or loss	(92)	(235)	-	4
At 30 June	<u>578</u>	<u>670</u>	<u>4</u>	<u>4</u>

Deferred tax liabilities as at 30 June relates to the following:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Deferred tax liabilities</i>				
Differences in depreciation for tax purposes	423	466	4	4
Fair value adjustment on business combination	155	204	-	-
At 30 June	<u>578</u>	<u>670</u>	<u>4</u>	<u>4</u>

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Current</i>				
Trade payables:				
- Third parties	14,455	10,167	70	206
- Related parties	791	395	-	-
GST payables	888	766	28	30
Retention payables:				
- Third parties	4,985	4,210	-	-
- Related party	1	-	-	-
Other payables:				
- Third parties	2,606	5,348	175	480
- Subsidiaries (non-trade)	-	-	5,779	4,554
- Related parties (non-trade)	100	100	-	-
- Directors of subsidiaries (non-trade)	1,503	1,551	-	-
Accrued operating expenses	2,812	2,643	84	383
	<u>28,141</u>	<u>25,180</u>	<u>6,136</u>	<u>5,653</u>

Included in other payables was \$290,000 for the financial year 2020 relating to remaining consideration payable in connection with the acquisition of a subsidiary. The Company has issued treasury shares during the financial year for the remaining consideration payable.

Included in the amount due to directors of subsidiaries (non-trade) is \$1,000,000 (2020: \$1,000,000) relating to the acquisition of license from a director of a subsidiary.

The non-trade other payables due to related parties, directors of subsidiaries and subsidiaries are unsecured, interest-free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

26 SHARE CAPITAL, TREASURY SHARES AND ACCUMULATED PROFITS

a) Share capital

	Group and Company			
	2021		2020	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July	348,366	43,743	285,866	29,618
Share issue	-	-	62,500	14,125
At 30 June	348,366	43,743	348,366	43,743

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

b) Treasury shares

	Group and Company			
	2021		2020	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July	1,298	350	798	267
Share buyback	-	-	500	83
Treasury shares reissued pursuant to the remaining consideration payable for acquisition of a subsidiary	(1,284)	(347)	-	-
At 30 June	14	3	1,298	350

Treasury shares relate to ordinary shares of the Company that is held by the Company.

In FY2020, the Company acquired 500,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was \$83,000 and this was recorded as a component within shareholders' equity.

c) Accumulated profits

	Company (Restated)	
	2021 \$'000	2020 \$'000
At 1 July	8,222	18,075
Loss and total comprehensive loss for the financial year	(2,517)	(8,656)
Extinguishment of expired warrants	1,466	-
Dividend (Note 30)	-	(1,197)
At 30 June	7,171	8,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

27 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2021 \$'000	2020 \$'000
At 1 July	(23)	44
Foreign currency translation	2	(67)
At 30 June	(21)	(23)

28 MERGER RESERVE

Merger reserve represents the differences between the consideration paid and the share capital of subsidiaries when entities under common controls are accounted for applying the pooling of interest method.

29 CONTINGENT LIABILITIES

As at 30 June 2021, the Company has provided corporate guarantees of \$55,852,000 (2020: \$56,006,000) to banks for borrowings of \$36,810,000 (2020: \$28,637,000) taken by its subsidiaries.

The earliest period that the guarantee could be called is within 1 year (2020: 1 year) from the end of the reporting period. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

30 DIVIDEND

	Group and Company	
	2021 \$'000	2020 \$'000
Dividend paid:		
Final exempt (one-tier) dividend of 0.42 cents per share paid in respect of FY2019	-	1,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

31 RELATED PARTIES TRANSACTIONS

	2021 \$'000	2020 \$'000
Group		
With related parties		
<i>Income</i>		
Sales	(138)	(39)
<i>Expenses</i>		
Purchases	2,314	1,241
Testing fee	170	156
<i>Compensation of key management personnel</i>		
- Salaries and bonus	2,592	2,364
- CPF	161	148
- Fee	145	261
- Other short-term benefits	336	316
	3,234	3,089
Company		
With subsidiaries		
Receipts on behalf	(752)	(628)
Loan	4,145	10,483
Repayment of loan	(8,194)	(10,073)
<i>Income</i>		
Management fee	(1,688)	(1,620)
Dividend	-	(1,990)
Interest income	(263)	(267)
<i>Expenses</i>		
Recharge of expense	122	115

32 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	7,980	6,380	7,980	6,380
Financial assets at amortised costs	49,078	44,231	20,155	24,310
	57,058	50,611	28,135	30,690
<i>Financial liabilities</i>				
At amortised cost	77,826	66,885	14,708	15,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Foreign currency risk

The Group does not have significant exposure to foreign currency risk as its transactions are mainly in Singapore dollar.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent on changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except fixed deposits (Note 22) and borrowings (Note 23). The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates is not expected to have a significant impact on the Group's profit or loss.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Finance department based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the Group Finance department.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 120 days to 5 years past due or there is evidence of credit impairment depending on the nature of project, debtor and historical experience	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's trade receivables comprise 11 debtors (2020: 7 debtors) represented approximately 63% (2020: 63%) of the trade receivables.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of \$36,810,000 (2020: \$28,637,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' borrowings.

The credit risk for trade receivables (excluding retention receivables) based on the information provided to key management is as follows:

	Group	
	2021 \$'000	2020 \$'000
<i>By types of customers</i>		
Related parties	372	45
Third parties:		
- Government agencies	9,013	2,331
- Other companies	9,216	9,797
- Individuals	315	277
	18,916	12,450

Movements in credit loss allowance are as follows:

	Contract assets \$'000	Trade receivables \$'000	Other receivables \$'000	Total \$'000
Group				
Balance at 1 July 2019	-	159	3,366	3,525
Loss allowance measured:				
Lifetime ECL				
- Simplified approach	1,397	503	-	1,900
Receivables written off as uncollectible	-	-	(3,366)	(3,366)
Balance at 30 June 2020	1,397	662	-	2,059
Loss allowance measured:				
Lifetime ECL	101	136	3,059	3,296
Receivables written off as uncollectible	(1,192)	(655)	-	(1,847)
Balance at 30 June 2021	306	143	3,059	3,508

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Movements in credit loss allowance are as follows (Cont'd):

	Other receivables \$'000
Company	
Balance at 1 July 2019 and 30 June 2020	-
Loss allowance measured:	
Lifetime ECL	
- Credit impaired	548
Balance at 30 June 2021	548

The credit loss for cash and cash equivalents are immaterial as at 30 June 2021.

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and in particular, whether there are significant decline in the repayment ability of its debtors.

There has been no change in the estimation techniques or significant assumptions made during the current financial year except for reassessments made of the current COVID-19 effects on the historical default rates of each past due category of its trade receivables and contract assets.

The Group has assessed the potential exposure on the trade receivables and provided the necessary expected credit loss allowance against its trade receivables depending on the nature of project, debtor and historical experience.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets:

Group	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021				
Trade receivables	Lifetime ECL (Simplified approach)	23,913	(143)	23,770
Contract asset	Lifetime ECL (Simplified approach)	17,660	(306)	17,354
Other receivables	12-month	7,439	-	7,439
	Lifetime ECL	5,435	(3,059)	2,376
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	15,493	-	15,493
2020				
Trade receivables	Lifetime ECL (Simplified approach)	16,667	(662)	16,005
Contract asset	Lifetime ECL (Simplified approach)	23,271	(1,397)	21,874
Other receivables	12-month	15,642	-	15,642
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	12,584	-	12,584

The table below details the credit quality of the Company's financial assets (other than trade receivables and contract assets):

Company	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021				
Other receivables	12-month	20,704	(548)	20,156
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	666	-	666
2020				
Other receivables	12-month	24,178	-	24,178
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	132	-	132

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Financial guarantee:

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The table below summarises the maturity profile of the Group's financial liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year \$'000	Within 2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
At 30 June 2021				
Trade and other payables	26,718	-	-	26,718
Lease liabilities	2,058	4,028	2,328	8,414
Borrowings	28,983	11,323	8,159	48,465
	57,759	15,351	10,487	83,597
At 30 June 2020				
Trade and other payables	22,728	-	-	22,728
Lease liabilities	1,377	2,073	148	3,598
Borrowings	30,235	5,330	7,726	43,291
	54,340	7,403	7,874	69,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

	Repayable on demand or within 1 year \$'000	Within 2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Company				
At 30 June 2021				
Trade and other payables	6,908	-	-	6,908
Borrowings	8,625	-	-	8,625
Financial guarantee contracts	36,810	-	-	36,810
	<u>52,343</u>	<u>-</u>	<u>-</u>	<u>52,343</u>
At 30 June 2020				
Trade and other payables	5,623	-	-	5,623
Borrowings	12,096	-	-	12,096
Financial guarantee contracts	27,807	-	-	27,807
	<u>45,526</u>	<u>-</u>	<u>-</u>	<u>45,526</u>

c) Fair values of assets and liabilities

Fair value hierarchy

The Group and Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value

The financial assets at fair value through profit or loss is classified as Level 3. The fair value of the unquoted equity shares is determined by reference to the investee company's share issuance transaction price during the year. The measurement of fair value of the unquoted equity shares is performed by the Group's finance team, based on evidence obtained from the investee company to assess if the share issuance transaction price is supportable and the appropriate classification of the fair value level hierarchy measurement for this financial asset.

A higher share issuance transaction price will result in a higher fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

32 FINANCIAL INSTRUMENTS (CONT'D)

c) Fair values of assets and liabilities (Cont'd)

Assets measured at fair value (Cont'd)

Movements in Level 3 assets and liabilities measured at fair value

	Unquoted equity shares	
	2021 \$'000	2020 \$'000
Balance at beginning of financial year	6,380	6,711
Fair value gain/(loss) recognised in profit or loss	693	(331)
Gain on distribution from other investment	907	-
Balance at end of financial year	<u>7,980</u>	<u>6,380</u>

Assets not carried at fair value but fair values are disclosed

Level 3 fair value measurements

Investment property

The fair value is determined by an external and independent valuer, based on the direct comparison method. This approach involves the analysis of arms-length comparable sales and adjustments are made to reflect the differences in location, floor area, floor level as well as transaction date, amongst other factors affecting the values. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market. The fair value measurement is categorized in the Level 3 of the fair value hierarchy.

Contingent consideration

The basis of determining fair value disclosure at the end of the reporting period is disclosed in Note 16(ii).

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the current financial assets and liabilities approximate their respective fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of non-current borrowings approximate their fair values as these financial instruments either bear interest rates which approximate the market interest rates or are floating rate loans that are re-priced to market interest rates on or near the end of the reporting period. These fair value measurement for disclosure purpose are categorized in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

33 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- b) To support the Group's stability and growth; and
- c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure to organise shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The capital of the Group mainly consists of equity holders of the Company comprising share capital, accumulated profits and merger reserve. The Group's overall strategy remains unchanged from 2020.

34 SEGMENT INFORMATION

The Group is organised into business units based on nature of the projects for management purposes. The reportable segments are revenue from Repair and Redecoration ("R&R"), Addition and Alteration ("A&A") and Coatings and Paintings ("C&P").

R&R focuses mainly on non-structural construction, improvements and routine maintenance works.

A&A focuses mainly on structural works and infrastructure works.

C&P focuses mainly on coatings and paintings works.

Others segments focus mainly on commercial interior design, home retrofitting, landscaping works, leasing services, waterproofing, green solutions and maintenance & electrical service and projects and construction management.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

34 SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows:

2021	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	29,471	38,772	7,148	23,596	98,987
Segment profits/(losses)	4,712	(7,656)	1,144	94	(1,706)
Depreciation and amortisation					(5,488)
Other non-cash expense					(8,016)
Interest income					216
Finance costs					(1,502)
Share of results of associate					(7)
Loss before tax					(16,503)
Segment assets	14,919	25,757	5,056	20,790	66,522
Unallocated assets					48,006
Total assets					114,528
Segment liabilities	6,442	11,505	16	11,730	26,693
Unallocated liabilities					52,446
Total liabilities					82,139
<i>Other segments items</i>					
Capital expenditure-property, plant and equipment					5,883
Depreciation of property, plant and equipment					5,035
Depreciation of investment property					9
Amortisation of intangible assets					445
Assets written off	2,421	-	-	-	2,421
Impairment losses	-	-	-	5,595	5,595

2020	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	(Restated) Total \$'000
Segment revenue	26,269	32,074	11,271	22,079	91,693
Segment profits/(losses)	94	(2,600)	209	(6,502)	(8,799)
Depreciation and amortisation					(5,301)
Other non-cash expense					(8,353)
Interest income					73
Finance costs					(1,842)
Share of results of associate					(70)
Loss before tax					(24,292)
Segment assets	10,052	15,716	5,191	31,369	62,328
Unallocated assets					56,494
Total assets					118,822
Segment liabilities	2,135	5,060	37	13,842	21,074
Unallocated liabilities					50,148
Total liabilities					71,222
<i>Other segments items</i>					
Capital expenditure-property, plant and equipment					1,322
Depreciation of property, plant and equipment					4,444
Depreciation of investment property					18
Amortisation of intangible assets					839
Impairment losses	463	339	-	7,551	8,353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

34 SEGMENT INFORMATION (CONT'D)

Segment reporting

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit/(loss) before tax in the financial statements. Interest income and finance costs are not allocated to segments as the Group financing is managed on a group basis.

Management monitors the assets and liabilities attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments.

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for property, plant and equipment, goodwill, intangible assets, other investments, other receivables and cash and bank balances for companies which are operating in more than one segment.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than borrowings, other payables, lease liabilities, deferred tax liabilities and tax payables are classified as unallocated liabilities for companies which are operating in more than one segment.

Information about major customers

Revenue from 2 (2020: 2) of the Group's major customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	Group	
		2021 \$'000	2020 \$'000
Customer 1	A&A	11,037	11,562
Customer 2	A&A	10,881	10,772

Geographical information

The Group's revenues from external customers and non-current assets are predominantly located in Singapore.

35 COMPARATIVE FIGURES

Prior year adjustments and comparative figures

Prior year adjustments have been made to comparative figures as follows:

- i) A prior year adjustment was made to adjust the fair value of the assets, liabilities and consideration of the acquisition of Pure Group entities and impairment charge for the revised assets and liabilities based on the recoverable amounts (Note 16(ii)).
- ii) The Group adjusted the balances for acquisition of Mobike Ltd ("Mobike") at acquisition date.

On 22 November 2019, the Group completed the acquisition of certain assets and liabilities in Mobike in order to expand into the bicycle rental industry.

A prior year adjustment was made to adjust the fair value of the property, plant and equipment and contract liabilities at acquisition date by \$1,018,000 and \$2,000 respectively due to change in estimates in determining the fair value. Accordingly, the bargain purchase was adjusted to \$299,000 as at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

35 COMPARATIVE FIGURES (CONT'D)

Prior year adjustments and comparative figures (Cont'd)

Accordingly, the comparative figures have been adjusted and restated as follows:

	As reported \$'000	Prior year adjustments \$'000	As restated \$'000
Group			
<i>Consolidated statement of comprehensive income for the financial year ended 30 June 2020</i>			
Cost of sales	(89,775)	10	(89,765)
Other income	2,664	(1,020)	1,644
Other operating expenses	(5,234)	(1,632)	(6,866)
Loss before tax	(21,650)	(2,642)	(24,292)
Tax credit	160	166	326
Total comprehensive loss for the year	<u>(21,490)</u>	<u>(2,476)</u>	<u>(23,966)</u>
<i>Consolidated statement of financial position as at 30 June 2020</i>			
Property, plant and equipment	29,672	(1,008)	28,664
Contract liabilities	1,213	2	1,215
Accumulated profits	13,423	(1,981)	11,442
Other reserve	(32)	1,466	1,434
Non-controlling interest	<u>(813)</u>	<u>(495)</u>	<u>(1,308)</u>
<i>Consolidated statement of cashflows as at 30 June 2020</i>			
Loss before tax	(21,650)	(2,642)	(24,292)
Depreciation of property, plant and equipment	4,454	(10)	4,444
Impairment loss on goodwill	4,821	981	5,802
Bargain purchase from acquisition of a business	(1,319)	1,020	(299)
Impairment loss of intangible assets	-	666	666
Receivables written off	<u>1,395</u>	<u>(15)</u>	<u>1,380</u>
Company			
<i>Statement of financial position as at 30 June 2020</i>			
Accumulated profits	9,688	(1,466)	8,222
Other reserve	<u>75</u>	<u>1,466</u>	<u>1,541</u>

36 SUBSEQUENT EVENT

Divestment of associated company

On 3 August 2021, the Board of Directors approved the disposal of ITG Projects Sdn. Bhd. ("ITGP") to two directors of the Company for a consideration of \$355,000.

Disposal of Pure Group entities

On 17 September 2021, the Company has entered into a letter agreement with Coney International Ltd to dispose the Company's entire equity interest in the Pure Group entities for cash consideration of \$4,500,000. The disposal is not expected to have material financial impact to the Group in FY2022.

37 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors dated 1 October 2021.

STATISTICS OF SHAREHOLDINGS

AS AT 22 SEPTEMBER 2021

SHARE CAPITAL

Issued and fully paid capital	-	S\$44,801,091	Class of shares	-	Ordinary shares
Total number of shares in issue (excluding treasury shares)	-	348,352,231	Voting rights	-	1 vote per share
Number of treasury shares	-	14,359			

The Company does not have any subsidiary holdings.

0.004% of the total number of issued ordinary shares of the Company (excluding treasury shares) are held as treasury shares.

HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 37.54% of the total number of issued ordinary shares of the Company were held in the hands of the public as at 22 September 2021 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 22 SEPTEMBER 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	37	3.82	21,800	0.01
1,001 - 10,000	260	26.86	1,860,000	0.53
10,001 - 1,000,000	649	67.05	53,280,212	15.30
1,000,001 and above	22	2.27	293,190,219	84.16
Total	968	100.00	348,352,231	100.00

STATISTICS OF SHAREHOLDINGS

AS AT 22 SEPTEMBER 2021

TWENTY LARGEST SHAREHOLDERS AS AT 22 SEPTEMBER 2021

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	115,680,900	33.21
2	ADD INVESTMENT HOLDING PTE LTD	79,954,406	22.95
3	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	15,896,556	4.56
4	PHILLIP SECURITIES PTE LTD	14,361,266	4.12
5	KOH THONG HUAT	7,682,000	2.21
6	NG CHENG LIAN	7,682,000	2.21
7	CHEN TIN LEOW	7,000,064	2.01
8	DBS NOMINEES PTE LTD	6,375,400	1.83
9	CHUA HONG HUAY	5,493,900	1.58
10	LIM CHIEW HOE	5,079,366	1.46
11	UOB KAY HIAN PTE LTD	3,958,400	1.14
12	LIM KIM HOCK	3,812,000	1.09
13	OCBC SECURITIES PRIVATE LTD	2,983,364	0.86
14	RAFFLES NOMINEES (PTE) LIMITED	2,876,300	0.83
15	WONG CHUN WENG	2,787,084	0.80
16	CLARISSA CHOY SOK PHENG (CLARISSA ZOU SHUPING)	2,476,200	0.71
17	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,266,804	0.65
18	LIM JIT CHANG (LIN RICHANG)	1,848,000	0.53
19	ABN AMRO CLEARING BANK N.V.	1,481,500	0.43
20	TING GUAK CHOO	1,284,109	0.37
	TOTAL	290,979,619	83.55

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% ⁽¹⁾	NO. OF SHARES	% ⁽¹⁾
ADD Investment Holding Pte. Ltd. ⁽²⁾	79,954,406	22.95	40,000,000	11.48
Ng Cheng Lian ⁽³⁾	7,682,000	2.21	119,954,406	34.43
Koh Thong Huat ⁽³⁾	7,682,000	2.21	119,954,406	34.43
Foo Joon Lye ^{(3), (4)}	-	-	127,636,406	36.64
Taisei Oncho Co., Ltd ⁽⁵⁾	-	-	62,500,000	17.94

Notes:

- (1) Based on the issued share capital of the Company of 348,352,231 shares (excluding treasury shares and subsidiary holdings) as at 22 September 2021.
- (2) ADD Investment Holding Pte. Ltd. is deemed to be interested in 40,000,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as its nominee.
- (3) Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye hold the total issued share capital of ADD Investment Holding Pte. Ltd. in equal proportion. Each of them is therefore deemed to be interested in all the shares in the capital of the Company held by ADD Investment Holding Pte. Ltd. under Section 7 of the Companies Act, Chapter 50.
- (4) Foo Joon Lye is deemed to be interested in 7,682,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as his nominee.
- (5) Taisei Oncho Co., Ltd is deemed to be interested in 62,500,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as the nominee of its custodian.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of ISOTeam Ltd. (the “**Company**”) will be held by way of electronic means on Wednesday, 27 October 2021 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2021 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of \$147,735 for the financial year ending 30 June 2022, to be paid quarterly in arrears (FY2021: \$147,735). **(Resolution 2)**
3. To re-elect Mr Koh Thong Huat, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. **(Resolution 3)**

(see explanatory note 1)
4. To re-elect Mr Soh Chun Bin, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. **(Resolution 4)**

(see explanatory note 2)
5. To re-elect Dr Teo Ho Pin, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. **(Resolution 5)**

(see explanatory note 3)
6. To re-appoint Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 (“**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors be authorised and empowered to: **(Resolution 7)**
 - (a) (i) allot and issue shares in the share capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may at their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company at a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(see explanatory note 4)

8. That pursuant to Section 161 of the Companies Act, the Directors be authorised to grant awards in accordance with the provisions of the ISOTeam Performance Share Plan ("**ISOTeam PSP**") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the awards granted under the ISOTeam PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ISOTeam PSP when added to the number of Shares issued and issuable in respect of all awards granted under the ISOTeam PSP, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time. **(Resolution 8)**

(see explanatory note 5)

NOTICE OF ANNUAL GENERAL MEETING

9. That:

(Resolution 9)

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors be authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or
- (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Catalist Rules as may for the time being be applicable (the "**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company at a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next AGM of the Company is held or is required by law to be held;
- (ii) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(d) for purposes of this Resolution:

"Prescribed Limit" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution unless the Company has, at any time during the Relevant Period (as hereinafter defined), effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings);

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, after the date of this Resolution; and

"Maximum Price" in relation to a Share to be purchased, means the purchase price (excluding applicable brokerage, stamp duty, commission, goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, before the day on which the Market Purchase is made or, as the case may be, the day of making of the offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five market day period and the day on which the purchase is made;

NOTICE OF ANNUAL GENERAL MEETING

"day of making of the offer" means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"market day" means a day on which the SGX-ST is open for trading in securities, and

- (e) any of the Directors be authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

(see explanatory note 6)

10. That, subject to and contingent upon the passing of Resolution 4 by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM and the passing of Resolution 11 by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM, excluding the Directors and the Chief Executive Officer of the Company, and their respective associates (as defined in the Catalist Rules): **(Resolution 10)**

- (a) the continued appointment of Mr Soh Chun Bin as an independent Director, for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules (which will take effect from 1 January 2022) be approved; and
- (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Soh Chun Bin as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(see explanatory note 2)

11. That, subject to and contingent upon the passing of Resolution 4: **(Resolution 11)**

- (a) the continued appointment of Mr Soh Chun Bin as an independent Director, for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules (which will take effect from 1 January 2022) be approved; and
- (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Soh Chun Bin as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution,

provided that this Resolution shall only be proposed and voted upon if Resolution 10 is passed by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM.

(see explanatory note 2)

12. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong
Teo Teck Sing
Company Secretaries

12 October 2021
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Koh Thong Huat will, upon re-election as a Director, remain as the Executive Director and Chief Executive Officer. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
2. Ordinary Resolutions 10 and 11 proposed in items 10 and 11 respectively above are in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules which will take effect from 1 January 2022 and provides that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders of the company; and (b) shareholders excluding the directors and the chief executive officer of the company, and their respective associates.

Mr Soh Chun Bin is an independent Director who will serve on the Board for more than nine years from 7 June 2022. Please refer to the "Corporate Governance Report" section of the Annual Report of the Company for the Board's review of the independence of Mr Soh Chun Bin, and the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

In the event that Ordinary Resolutions 4, 10 and 11 are passed, Mr Soh Chun Bin will remain as an independent Director, the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company, and is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

In the event that Ordinary Resolution 4 is passed but Ordinary Resolution(s) 10 and/or 11 is/are not passed, Mr Soh Chun Bin will remain as an independent Director until 1 January 2022 when Rule 406(3)(d)(iii) of the Catalist Rules takes effect. Thereafter, Mr Soh Chun Bin will be re-designated to non-executive Director as the Company continues its search for new independent Director to comply with the requirements of the Code of Corporate Governance 2018 and the Catalist Rules.

3. Dr Teo Ho Pin will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
4. Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.
5. Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to allot and issue Shares pursuant to the awards granted under the ISO Team PSP up to a number not exceeding, in total, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.
6. Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate are set out in greater detail in the Addendum accompanying this notice.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

To minimise physical interactions and COVID-19 transmission risks, the AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company will not accept any physical attendance by members and any member seeking to attend the AGM physically in person will be turned away.

Printed copies of this notice and the accompanying Annual Report and Proxy Form will NOT be sent to members. Instead, these documents will be made available to members solely by electronic means via publication on the SGXNET and the Company's website at <http://isoteam.listedcompany.com/>.

Alternative arrangements relating to members' participation in the AGM are:

- (a) observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings ("**Live AGM Webcast**" and "**Live AGM Audio Feed**", respectively);
- (b) submitting questions in advance in relation of the resolutions set out in the notice of AGM; and
- (c) appointing the Chairman of the AGM as proxy to attend and vote on their behalf at the AGM.

Members will be able to participate in the AGM in the manner set out in the paragraphs below.

Live AGM Webcast and Live AGM Audio Feed:

The Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on Wednesday, 27 October 2021 at 10.00 a.m. in place of the physical AGM. Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via mobile phone, tablet, computer or any such electronic device.

In order to do so, members, including investors who buy Shares using SRS monies ("**SRS Investors**"), must pre-register online at <https://conveneagm.sg/isoteamagm2021> by 10.00 a.m. on 25 October 2021 (the "**Registration Deadline**"), being not less than 48 hours before the time appointed for holding the AGM, to enable the Company to verify their members' status.

Following the verification and upon the closure of pre-registration, authenticated members will receive email instructions to access the Live AGM Webcast and the Live AGM Audio Feed of the AGM proceedings by 10.00 a.m. on 26 October 2021 (being 24 hours before the time appointed for holding the AGM).

Members are reminded that the AGM proceedings are private. Accordingly, members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

Members who register by the Registration Deadline but do not receive the abovementioned email instructions by 10.00 a.m. on 26 October 2021 may contact the Company's technical support by email at ir@iso-team.com for assistance.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), excluding SRS Investors, and who wish to participate in the AGM should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of Questions in Advance:

Please note that members will not be able to raise questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed. Members may submit questions relating to the Annual Report, Addendum and resolutions set out in the notice of AGM in advance:

- (a) by post to the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829;
- (b) by email to ir@iso-team.com; or
- (c) via the member's account following registration at <https://conveneagm.sg/isoteamagm2021>.

All questions must be submitted by 10.00 a.m. on 24 October 2021 (being 72 hours before the time appointed for holding the AGM).

NOTICE OF ANNUAL GENERAL MEETING

Members, including SRS Investors, who wish to submit their questions by post or by email are required to indicate their full names (for individuals)/company names (for corporates), NRIC/passport/company registration numbers, contact numbers, shareholding types and number of Shares held together with their submission of questions, to the office address or email address provided.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), excluding SRS investors, should contact their respective relevant intermediaries to submit their questions based on the abovementioned instructions.

The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from members will be posted on the SGXNET and the Company's website soonest possible before the AGM, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one month after the date of the AGM.

Submission of Proxy Forms to Vote:

Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a Proxy Form to appoint the Chairman of the AGM to cast votes on their behalf.

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to their manner of voting, or abstention from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The Chairman of the AGM, as proxy, need not be a member of the Company.

The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

- (a) by post to the registered office of the Company at 8 Changi North Street 1, ISOteam Building, Singapore 498829;
- (b) by email to ir@iso-team.com; or
- (c) via the member's account following registration at <https://conveneagm.sg/isoteamagm2021>,

in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 10.00 a.m. on 25 October 2021. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS investors, and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS operators) to submit their voting instructions at least seven working days before the AGM (i.e. by 5.00 p.m. on 15 October 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 25 October 2021.

The Company shall be entitled to reject the Proxy Form appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one Proxy Form).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By (a) submitting a form appointing the Chairman of the AGM as proxy to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the Live AGM Webcast or the Live AGM Audio Feed, or (c) submitting any question prior to the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

ISOTEAM LTD.

(Registration Number 201230294M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

- (a) To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members (whether individual or corporate) must appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM if such members wish to exercise their voting rights at the AGM.
- (b) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the notice of AGM dated 12 October 2021.
- (c) SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS operators to submit their votes by 5.00 p.m. on 15 October 2021.

I/We* _____ (Name) (NRIC/Passport/Registration number* _____)

of _____ (Address) being a member/members* of **ISOTeam Ltd.** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held by electronic means on Wednesday, 27 October 2021 at 10.00 a.m. and at any adjournment thereof to vote for, against or abstain from the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**

NO.	RESOLUTIONS	FOR**	AGAINST**	ABSTAIN**
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021 together with the Independent Auditor's Report thereon			
2.	To approve the payment of Directors' fees of \$147,735 for the financial year ending 30 June 2022, to be paid quarterly in arrears			
3.	To re-elect Mr Koh Thong Huat as a Director of the Company			
4.	To re-elect Mr Soh Chun Bin as a Director of the Company			
5.	To re-elect Dr Teo Ho Pin as a Director of the Company			
6.	To re-appoint Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix its remuneration			
	SPECIAL BUSINESS			
7.	To authorise the Directors to allot and issue shares and convertible securities			
8.	To authorise the Directors to grant awards and to allot and issue shares in accordance with the provisions of the ISOTeam Performance Share Plan			
9.	To approve the renewal of Share Buyback Mandate			
10.	To approve the continued appointment of Mr Soh Chun Bin as an independent Director, for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules (which will take effect from 1 January 2022)			
11.	To approve the continued appointment of Mr Soh Chun Bin as an independent Director, for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules (which will take effect from 1 January 2022)			

* Delete accordingly

** If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a tick [✓] within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2021

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.
2. To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members (whether individual or corporate) must appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM if such members wish to exercise their voting rights at the AGM. Where the members (whether individual or corporate) appoint the Chairman of the AGM as their proxy, they must give specific instructions as to their manner of voting, or abstention from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the AGM, being a proxy, need not be a member of the Company.
4. This proxy form, duly executed, must be submitted: (a) by post to the registered office of the Company at 8 Changi North Street 1, ISO Team Building, Singapore 498829; (b) by email to ir@iso-team.com; or (c) via the member's account following registration at <https://conveneagm.sg/isoteamagm2021>, in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 10.00 a.m. on 25 October 2021.
5. This proxy form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this proxy form is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company) must be lodged with this proxy form, failing which this proxy form may be treated as invalid.
7. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50), including investors who buy shares using SRS monies, and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS operators) to submit their voting instructions at least seven working days before the AGM (i.e. by 5.00 p.m. on 15 October 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit this proxy form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 25 October 2021.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act, Chapter 50.
9. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 12 October 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

David Ng Cheng Lian (Executive Chairman)

Anthony Koh Thong Huat
(Executive Director and Chief Executive Officer)

Danny Foo Joon Lye (Executive Director)

Ryota Fukuda (Non-Executive Director)

Tan Eng Ann (Lead Independent Director)

Teo Ho Pin (Independent Director)

Soh Chun Bin (Independent Director)

AUDIT COMMITTEE

Tan Eng Ann (Chairman)

Soh Chun Bin

Teo Ho Pin

NOMINATING COMMITTEE

Teo Ho Pin (Chairman)

Tan Eng Ann

Soh Chun Bin

REMUNERATION COMMITTEE

Soh Chun Bin (Chairman)

Tan Eng Ann

Teo Ho Pin

COMPANY SECRETARIES

Ben Teo Teck Sing, CA Singapore

Wee Woon Hong, LLB (Hons)

REGISTERED OFFICE

8 Changi North Street 1

ISOteam Building

Singapore 498829

T: 65 6747 0220

F: 65 6747 0110

SPONSOR

Hong Leong Finance Limited

16 Raffles Quay

#01-05 Hong Leong Building

Singapore 048581

SHARE REGISTRAR

Tricor Barbinder Share

Registration Services

80 Robinson Road, #02-00

Singapore 068898

AUDITOR

Baker Tilly TFW LLP

Public Accountants and

Chartered Accountants

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

Partner-in-charge: Ong Kian

Guan, CA Singapore

(Appointed since reporting year

ended 30 June 2018)

INVESTOR RELATIONS

ISOteam Ltd.

E: ir@iso-team.com

August Consulting

101 Thomson Road

#29-05 United Square

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