



# The New Equation: Building trust and delivering sustained outcomes

Illustrative Annual Report 2021



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# About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with over 295,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com/sg](http://www.pwc.com/sg).

PwC Singapore operates on a collaborative basis with PwC China, Hong Kong, Macau and Taiwan, subject to local applicable laws. Collectively, we have around 1082 partners and a strength of more than 27,000 people. As a leading professional services firm, we count among our clients, top-tier companies listed on the stock exchanges in the respective cities, including the Singapore Exchange, multinationals and emerging local companies.

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# Publication guide

## Scope

This publication illustrates the consolidated financial statements of a fictitious Singapore-incorporated company listed on the Mainboard of the Singapore Exchange Limited ("SGX"), PwC Holdings Ltd (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2021. The consolidated financial statements comply with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The names of people and entities included in this publication are fictitious. Any resemblance to a person or entity is purely coincidental.

## Disclosures not illustrated

The disclosures in the illustration below do not cover every potential transaction that entities may have to disclose, but rather, those which are relevant to the circumstances of PwC Holdings Ltd.

Depending on individual facts and circumstances, other disclosures may be relevant that are not applicable to PwC Holdings Ltd. Certain disclosures are included in these financial statements merely for illustrative purposes only, even though they may be regarded as items or transactions that are not material for the Group.

The sample disclosures in this illustrative annual report should not be considered to be the only acceptable form of presentation. The form and content of each reporting entity's annual report are the responsibility of the entity's directors/management and other forms of presentation which are equally acceptable may be preferred and adopted, provided they include the specific disclosures prescribed in the Singapore Companies Act, SGX Securities Trading Listing Manual and SFRS(I).

The illustrative financial statements contained in this annual report are not substitutes for reading the legislation or standards themselves, or for professional judgement as to fairness of presentation. They do not cover all possible disclosures required by the Singapore Companies Act, SGX Securities Trading Listing Manual and SFRS(I)s. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws, accounting standards and stock exchange regulations in Singapore.

At the time of writing, the COVID-19 pandemic continues to evolve and develop, and most entities will be affected by this pandemic in one form or another. IBOR reform is also expected to affect a significant number of entities. The impact arising from the COVID-19 pandemic and the IBOR reform (Phase 2) on the financial statements are not illustrated in the main body of this publication. Instead, we have provided certain illustrative examples or guidance in Appendix 2 and 3 of this publication.

## Effective date

The standards applied in these illustrative financial statements are based on the SFRS(I) version in issue as at 30 September 2021 and effective for annual periods beginning on 1 January 2021. SFRS(I)s issued as at 30 September 2021 but not yet effective for annual periods beginning after 1 January 2021 have not been early adopted in these illustrative financial statements.

We remind users to check for any changes in the standards that are mandatory for application or can be early applied which are updated between 30 September 2021 and the end of the entity's reporting period, and ensure that these are appropriately reflected in the financial statements.

## Guidance notes

Direct references to the source of disclosure requirements are included in the reference column on each page of the illustrative financial statements. Guidance notes are provided where additional matters may need to be considered in relation to a particular disclosure. These notes are inserted within the relevant section or note.

Similarly, the corporate governance disclosures illustrated in this annual report are not meant to be templates for all reporting entities. The board of directors/management for each reporting entity should formulate the corporate strategies and control measures tailored to the entity's particular circumstances and corporate governance processes. It therefore follows that corporate governance disclosures in annual reports will necessarily differ from one reporting entity to the other.

## Seek professional advice

The information in this publication does not constitute professional advice. If professional advice is required, the services of a competent professional should be sought. Neither PricewaterhouseCoopers LLP (Singapore) nor any employee of the firm shall be liable for any damage or loss of any kind on any ground whatsoever suffered as a result of any use of or reliance on this publication.

## Summary of resources



This publication includes links to relevant websites or accounting guidance published by PwC. These resources provide additional information and are supplementary to the illustrative disclosures presented in this Illustrative Annual Report and are summarised in this page.

### PwC Singapore Websites

1. [Sustainability and climate change](#)
2. [A Resilient Tomorrow: COVID-19 Recovery and Transformation](#)

### PwC Accounting Guidance

1. [PwC's Viewpoint](#)
2. [PwC In-Depth 'Financial reporting considerations for supplier finance arrangements'](#)
3. [PwC In-Depth 'Accounting implications of the effects of coronavirus'](#)
4. [PwC In-Depth 'Practical guide to Phase 1 amendments IFRS 9, IAS 39 and IFRS 7 for IBOR reform'](#)
5. [PwC In-Depth 'Practical guide to Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark \(IBOR\) reform'](#)

# Foreword

## The New Equation: Building trust and delivering sustained outcomes

The year 2021 marks a unique moment in history. Technological disruption, climate change, fractured geopolitics and the continued effects of the COVID-19 pandemic have created fundamental shifts in society, changing the game for businesses, governments and individuals.

The uncertainties brought about by the pandemic and the increasingly complex environmental impact have made corporate reporting ever more challenging.

As businesses adjust to the new normal, the focus is on developing sustainable and innovative ways to transform business practices, while building trust with stakeholders and delivering sustained outcomes. This publication continues to provide certain illustrative disclosures on the impact of COVID-19 in the financial statements under Appendix 2.

## Three key highlights in 2021

### i. Sustainability report

Sustainability reporting is becoming increasingly important for companies across the globe. This is against the backdrop of fast evolving consumer preferences, enhanced government regulation and extreme climate change events. Investors are asking for more holistic information about companies' long-term value creation opportunities and their wider impact on the society and the environment.



Consequently, the call for mandatory climate-related disclosures has gained momentum globally. In Singapore, the SGX issued a public consultation in August 2021 proposing for issuers to provide climate-related disclosures in line with the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations. While the requirements are yet to be finalised, this publication has included voluntary disclosures as per the TCFD recommendations as part of the Sustainability Report 2021.

## ii. Climate change-related financial statement disclosures

In addition to the growing importance of sustainability reporting, climate change also has far-reaching impacts on financial reporting. Climate related risks may affect an entity's decision-making processes, cash flows, financial position and financial performance. With the proposal from SGX for issuers to provide climate-related disclosures in line with the TCFD recommendations, companies will need to consider the related implications to financial reporting.



This publication highlights these considerations in the guidance note of Note 2.1, and illustrates disclosure of climate-related significant judgements, estimates and assumptions in the guidance note of Note 3.

## iii. IBOR reform financial statement disclosures

In 2020, the International Accounting Standards Board completed its project on the financial reporting impacts arising from the global interest rate benchmark reforms (IBOR reform). The global progress on the replacement of benchmark interest rates continues in 2021. The UK Financial Conduct Authority and the ICE Benchmark Administration have formally announced the cessation dates for LIBOR benchmarks, with similar transition announcements being made in many other jurisdictions around the globe.



This is expected to impact a significant number of entities, given the wide variety of financial products that draw reference to interest rate benchmarks. In particular, the IBOR reform (Phase 2) amendments is effective for annual reporting periods beginning on or after 1 January 2021 and certain IBOR reform illustrative financial statement disclosures can be found in Appendix 3 of this publication.

## Our commitment

As economies start to recover from the ongoing COVID-19 pandemic, businesses are sharpening focus on sustainability and employee wellbeing. At PwC, we have continued to invest in our people by recognising their achievements, supporting their professional growth and providing an enabling environment for them to thrive. Externally, we have worked closely with businesses to help them recover from the pandemic, enhance trust with their stakeholders and deliver sustained results.



We recognise the importance of developing and sharing new technologies as part of our effort to **reimagine digital**. At the same time, we continue to develop and upskill our people to equip them with knowledge and competencies to ensure high audit quality and sustain trust with our clients.

**Reinventing the future** is a key component of business growth and delivery of value, confidence and insights to your business and stakeholders. We will continue to develop our firm's capabilities and provide top quality services to our clients.

This publication will serve as an excellent resource to assist you in the preparation of your company's annual report, ensuring completeness and fair presentation of information to users of your financial statements.

We encourage you to consult with your regular PwC contact, should you have any questions or comments regarding this publication.

A handwritten signature in black ink, appearing to read 'Choo Beng Choo', with a stylized flourish at the end.

**Eng Beng Choo**

Singapore Assurance Leader  
(65) 9757 4084  
[eng.beng.choo@pwc.com](mailto:eng.beng.choo@pwc.com)



# Index to Illustrative Annual Report 2021

	Pages
Corporate Profile	-not illustrated-
Milestone 2021	-not illustrated-
Chairman's Statement	-not illustrated-
Board of Directors	15
Senior Management	-not illustrated-
Financial Highlights	-not illustrated-
Operating and Financial Review	-not illustrated-
Corporate Governance Report	19
<b>Sustainability Report</b>	<b>67</b>
<b>Statutory Report and Financial Statements</b>	
Directors' Statement	93
Independent Auditor's Report	-not illustrated-
Consolidated Statement of Comprehensive Income	105
Balance Sheet – Group	112
Balance Sheet – Company	114
Consolidated Statement of Changes in Equity	117
Consolidated Statement of Changes in Cash Flows	122
<b>Notes to the Financial Statements</b>	
1. General information	131
2. Significant accounting policies	
2.1 Basis of preparation	131
2.2 Revenue	137
2.3 Government grants	144
2.4 Group accounting	145
2.5 Property, plant and equipment	155
2.6 Intangible assets	159
2.7 Borrowing costs	161
2.8 Investment properties	162
2.9 Investment in subsidiaries, associates, and joint venture	165
2.10 Impairment of non-financial assets	166
2.11 Financial assets	169
2.12 Derivatives financial instruments and hedging activities	172



# Index to Illustrative Annual Report 2021

	Pages
<b>Notes to the Financial Statements (continued)</b>	
2. Significant accounting policies (continued)	
2.13 Offsetting of financial instruments	175
2.14 Financial guarantees	175
2.15 Borrowings	177
2.16 Trade and other payables	179
2.17 Leases	179
2.18 Inventories	184
2.19 Income taxes	185
2.20 Provisions	186
2.21 Employee compensation	187
2.22 Currency translation	190
2.23 Segment reporting	192
2.24 Cash and cash equivalents	192
2.25 Share capital and treasury shares	192
2.26 Dividends to Company's shareholders	193
2.27 Non-current assets (or disposal groups) held-for-sale and discontinued operations	193
3. Critical accounting estimates, assumptions and judgements	
3.1 Critical accounting estimates and assumptions	197
3.2 Critical judgements in applying the entity's accounting policies	199
4. Revenue from contracts with customers	205
5. Expenses by nature	213
6. Employee compensation	215
7. Other income	216
8. Other gains and losses – Others	218
9. Finance expenses	221
10. Income taxes	222
11. Discontinued operations and disposal group classified as held for sale	226
12. Earnings per share	230
13. Cash and cash equivalents	233
14. Financial assets, at FVPL	236
15. Derivative financial instruments	239
16. Financial assets, at FVOCI	246
17. Other investments at amortised cost	248

# Index to Illustrative Annual Report 2021

## Pages

### Notes to the Financial Statements (continued)

18. Trade and other receivables – Current	249
19. Inventories	250
20. Trade and other receivables – non-current	251
21. Staff loans	253
22. Investments in associates	253
23. Investment in a joint venture	259
24. Investments in subsidiaries	265
25. Investment properties	272
26. Property, plant and equipment	280
27. Leases – The Group as a lessee	287
28. Leases – The Group as a lessor	290
29. Intangible assets	293
30. Trade and other payables	301
31. Borrowings	303
32. Convertible bonds	307
33. Redeemable preference shares	308
34. Provisions	309
35. Deferred income taxes	312
36. Share capital and treasury shares	318
37. Other reserves	323
38. Retained profits	330
39. Dividends	330
40. Contingencies	332
41. Commitments	333
42. Financial risk management	334
43. Immediate and ultimate holding corporations	383
44. Related party transactions	384
45. Segment information	386
46. Business combinations	395
47. Events occurring after balance sheet date	400
48. New or revised accounting standards and interpretations	401
49. Authorisation of financial statements	402
50. Listing of significant companies in the Group	403

# Index to Illustrative Annual Report 2021

	Pages
Additional Disclosure Requirements	
- Additional requirements of Singapore Exchange Securities Trading Listing Manual	407
- Shareholders' information as at 13 March 2022	411
Additional Illustrative Disclosures	
- Appendix 1: Areas not relevant to PwC Holdings Ltd Group	416
- Appendix 2: COVID-19 Disclosures	448
- Appendix 3: IBOR Reform Disclosures	472

## Abbreviation used

References are made in this publication to the legislation, guideline or listing rule that requires a particular disclosure. The abbreviation used to identify the source of authority are as follows:

ACGC	Audit Committee Guidance Committee – Guidebook for Audit Committee in Singapore
CA	Singapore Companies Act, Chapter 50
CCG	Code of Corporate Governance Guidance Notes
SFRS(I)	Singapore Financial Reporting Standard (International)
SFRS(I) INT	Singapore Financial Reporting Standard (International) Interpretations
SGX	Singapore Exchange Securities Trading Listing Manual Requirements
SSA	Singapore Standards on Auditing

Where the illustrated disclosure is not specifically required by any of the sources listed above, the following abbreviation is used to indicate that such disclosure is made on a voluntary basis.

DV	Disclosure in voluntary
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# Corporate Governance

Board of Directors  
Corporate Governance Report



## PwC Holdings Ltd and its Subsidiaries

Reference

**Board of Directors**

As at 24 April 2022

**Mr Tan Cheng Eng**  
Independent, Non-executive Director

Years on Board: 8  
Aged 59, Singaporean

SGX  
1207(4)  
(b)(iii)

- Chairman of Board of Directors
- Chairman of Remuneration Committee
- Member of Audit Committee

Mr Tan Cheng Eng was appointed to the Board on 1 February 2014 and appointed as the Chairman of the Board and of the Remuneration Committee on 13 September 2016. He is also a non-executive Chairman of Data Bank Holding Ltd and an executive director of Homegrown Securities Ltd, both of which are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr Tan was last re-elected as a director of the Company on 24 January 2020.

Mr Tan holds a Master's degree in Financial Engineering from Harvard University, USA and a Bachelor of Arts (Mathematics) degree from University College London. He has 30 years of experience in the finance industry, of which 17 years were in the securities industry. He also serves on the council of the Society of Financial Advisory Consultants and on the boards of the National Symposium Council and the Singapore Music Conservatory.

**Mr Balachandran Nair**  
Independent, Non-executive Director

Years on Board: 6  
Aged 47, Singaporean

- Member of Board of Directors
- Chairman of Audit Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Mr Balachandran Nair joined the Board on 4 July 2016 and was last re-elected on 3 July 2019. He is also the Chairman of the Audit Committee.

Mr Nair graduated with a Bachelor of Accountancy degree from National University of Singapore. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a fellow of the Institute of Singapore Chartered Accountants ("ISCA").

He has 20 years of experience in finance and management. He was the Head of Internal Audit Department of Telecommunication Ltd, a listed company on Singapore Stock Exchange, between 2010 and 2013. He is the Chief Financial Officer of the Asia Pacific operations of Computer Networks Ltd, a company listed on the New York Stock Exchange since 2013. He is also the Chairman of the Trustees of Singapore Healthcare Fund since 2011.



## PwC Holdings Ltd and its Subsidiaries

Reference

**Board of Directors**

As at 24 April 2022

**Madam Wan Oon Kee**  
Independent, Non-executive Director

Years on Board: 7  
Aged 52, Singaporean

- Member of Board of Directors
- Member of Audit Committee
- Member of Nominating Committee
- Chairman of Risk Committee

Madam Wan Oon Kee was appointed to the Board on 30 July 2015 and was last re-elected on 31 July 2020.

Madam Wan holds a Bachelor of Science (Building Control) degree from the University of London and a Master of Business Administration from Harvard Business School, USA. She is currently a member of the Royal Institution of Chartered Surveyors, United Kingdom and a Council Member of the Singapore Institute of Surveyors and Valuers.

She has more than 20 years of experience in the real estate industry. Beginning her career at Singapore Land Authority, she joined Leading Real Estate Marketing Pte Ltd as a Chief Operating Officer in 2001. She has been the managing director of Leading Real Estate Marketing Pte Ltd since 2010.

**Mr Michael Philip White**  
Independent, Non-executive Director

Years on Board: 9<sup>1</sup>  
Aged 53, Norwegian

SGX  
210(5)(d)

- Member of Board of Directors
- Member of Audit Committee
- Chairman of Nominating Committee

Mr Michael Philip White joined the Board on 4 July 2013. He was re-elected as a Director and appointed as the Chairman to the Nominating Committee on 3 May 2019.

Mr White graduated from Stavanger University College, Norway with a Master of Technology and Commerce degree. He subsequently obtained a Master in Business Administration (Human Resource) from Newcastle University, United Kingdom. He started his career with a multinational group of telecommunication companies. In 2008, he became the managing director of Moonstar Ltd, a telecommunication company listed on the Singapore Stock Exchange.

<sup>1</sup> Mr White has been a member of the board for an aggregate period of nine years. Pursuant to Section 210(5)(d) of the SGX Listing Rules, his continued appointment as an Independent Director in the next financial year will be approved in separate resolutions from (a) all shareholders; and (b) shareholders excluding the directors and CEO and the associates of the directors and CEO. The approval shall include objective tests of independence in Section 210(5)(d) and any other tests of independence considered relevant, to ascertain whether Mr White is able to continue to fulfil his roles and responsibilities as an Independent Director.

## PwC Holdings Ltd and its Subsidiaries

Reference

**Board of Directors**

As at 24 April 2022

Mr Lee Chee Wai  
Independent, Non-executive Director

Years on Board: 4  
Aged 45, Singaporean

- Member of Board of Directors
- Member of Remuneration Committee
- Member of Risk Committee

Mr Lee Chee Wai joined the Board on 3 May 2018.

He graduated with a Bachelor of Law (Hons) degree from National University of Singapore.

He began his career with an international law firm in 2003, and was subsequently employed as the Company Secretary and Legal Advisor of a multinational group of companies in Singapore in 2006. He commenced his professional practice in 2013 and is currently an Advocate & Solicitor of Lee, Lim & Tan, a legal firm.

Mr David Grey  
Non-independent, Non-executive Director

Years on Board: 9  
Aged 62, English

- Member of Board of Directors
- Member of Audit Committee

Mr David Grey joined the Board on 17 May 2013 and was last re-elected on 18 May 2019. He is also an executive director of PwC Global Ltd, the ultimate holding corporation of PwC Holdings Ltd.

Mr Grey holds a Master of Science from London School of Business, United Kingdom and PhD in Bioinformatics from Imperial College London. He has more than 30 years of experience in the pharmaceutical industry. He has served as the Chairman of the European Union Biotechnology Board, a company listed on the London Stock Exchange since 2005 and was a Council Member of the Institute of Biomedical Practitioners, United Kingdom between 2010 and 2014.

# Board of Directors

As at 24 April 2022

Mr Ang Boon Chew Chief Executive Officer and Executive Director	Years on Board: 5 Aged 48, Singaporean
--	---

- Member of Board of Directors

Mr Ang Boon Chew was appointed to the Board on 17 February 2017 and was last re-elected on 18 May 2020. He joined PwC Components (Singapore) Pte Ltd, a subsidiary of PwC Holdings Ltd, in 1999 and became its Chief Executive Officer on 1 October 2014. He was subsequently appointed as the General Manager of PwC Holdings Ltd on 2 November 2017 and became its Chief Executive Officer on 17 February 2020.

Mr Ang graduated from the National University of Singapore with a Bachelor of Engineering (Electrical and Electronics) degree. He is a Fellow of the Institute of Engineers, Singapore and a Board member of the National Fire Prevention Council. He has more than 20 years of experience in the telecommunication industry.

Dr Ran Jedwin Gervasio Executive Director	Years on Board: 1 Aged 42, American
--	--

- Member of Board of Directors
- Member of Risk Committee

Dr Ran Jedwin Gervasio joined the Board on 27 February 2021. He is the founding member of Visionary Component Inc. (now known as PwC Components (Philippines) Pte Ltd), a subsidiary of PwC Holdings Ltd.

Dr Ran holds a PhD in Data Science from University of North Carolina, USA. He has 15 years of experience in the digital industry, including four years as an associate professor in University of Michigan, USA. He has served as an honorary professor of the University of Philippines since 2013, and a non-executive director of Routers Electronics Inc., a corporation listed on the New York Stock Exchange since 2011.

PwC Holdings Ltd and its Subsidiaries

## Corporate Governance Report

For the financial year ended 31 December 2021

Reference

The corporate governance report is prepared for illustrative purposes and describes the Group's corporate governance practices and structures, with specific reference to the principles and provisions of the Code. Listed companies must comply with the principles of the Code and where practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

SGX  
Mainboard  
Listing Rule  
710/ SGX  
Catalist  
Listing Rule  
710

The Board of Directors (the "Board") is committed in ensuring that the highest standards of corporate governance are practised throughout PwC Holdings Ltd (the "Company") and its subsidiaries (the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

SGX  
Mainboard  
Listing Rule  
710/ SGX  
Catalist  
Listing Rule  
710

The Monetary Authority of Singapore ("MAS") issued the revised Code of Corporate Governance (the "Code") on 6 August 2018 effective for financial years beginning on or after 1 January 2019.

The Code is not mandatory, but Listed Companies are required under the Singapore Exchange Listing Rules to disclose their corporate governance practices and give explanations for deviations from the Code in their Annual Reports.

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2020, with specific reference to the principles and provisions of the Code, and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act.

The Board confirms the Group has adhered to all principles and provisions set out in the Code as set out below.

This Corporate Governance Report is divided into five main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholder Rights and Engagement
- (E) Managing Stakeholder Relationships

# Corporate Governance Report

For the financial year ended 31 December 2021

## (A) Board matters

The Board of Directors as at 24 April 2021 comprises:

Mr Tan Cheng Eng (Chairman and Independent Director)  
 Mr Balachandran Nair (Independent Director)  
 Madam Wan Oon Kee (Independent Director)  
 Mr Michael Philip White (Independent Director)  
 Mr Lee Chee Wai (Independent Director)  
 Mr David Grey (Non-independent Non-executive Director)  
 Mr Ang Boon Chew (CEO and Executive Director)  
 Dr Ran Jedwin Gervasio (Executive Director)

SGX  
 Mainboard  
 Listing Rule  
 1207(10B)/  
 SGX  
 Catalyst  
 Listing Rule  
 1204(10B)

A description of the background of each director is presented in the “Board of Directors” section of this annual report.

### Principle 1: The Board’s Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

#### CG 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.

#### CG 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.

#### CG 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.

**Corporate Governance Report**

For the financial year ended 31 December 2021

The Board objectively makes decisions in the best interests of the Group. The Board has clear policies and procedures for dealing with conflicts of interest. Where the director faces a conflict of interest, he or she discloses and recuses himself or herself from meetings and decisions involving the issue. Directors are subjected to an annual declaration of conflict of interests.

CG  
Provisions  
1.1, 1.3 and  
1.4

Matters requiring board approval has been clearly communicated to Management in writing and is set out further in this report.

The Board has delegated specific responsibilities four Board Committees, namely the Audit, Nominating, Remuneration and Risk Committees. Information on each of the four Committees is set out further in this report. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

**CG 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<sup>1</sup>. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

<sup>1</sup>Rule 210(5)(a) of the SGX Listing Rules (Mainboard) / Rule 406(3)(a) of the SGX Listing Rules (Catalist) requires any director who has had no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director.

## Corporate Governance Report

For the financial year ended 31 December 2021

The Company conducts an orientation programme for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. The Company also ensures that for any director who has had no prior experience as a director of a listed company to undergo training in the roles and responsibilities of a listed company director.

CG  
Provision  
1.2,

SGX  
Mainboard  
Listing Rule  
210(5)(a) /  
SGX  
Catalist  
Listing Rule  
406(3)(a)

As the Covid-19 pandemic and safe management measures imposed by the Authorities continued to be in place during the year, the orientation programme and training for new directors were conducted through video conferences and e-learning modules. A manual containing the Group's policies and procedures relating to its business, corporate governance, risk management, interests in securities, and price-sensitive information, is updated yearly and provided to each director.

During the year, the directors took up the following training opportunities through e-learning and video conferences, to develop and maintain knowledge in specific areas:

- Singapore Institute of Directors (SID) Directors Conference [Video Conference]
- Financial Reporting Standards Updates [Video Conference]
- Covid-19, Contractual and Regulatory Updates [Video Conference]
- Training on Revised Risk Management Standards COSO ERM 2017 and ISO 31000: 2018 [Video Conference and e-learning modules]
- IT Governance and Cybersecurity Training [e-learning modules]

The Company Secretary periodically recommends training opportunities to the NC. The Directors were provided with regular Covid-19 updates and were encouraged to keep up to date with changes in the regulatory and business environment. Directors however may themselves search for and pursue opportunities which help them to keep pace with their area of professional expertise.

### CG Provision 1.5

The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's Annual Report.



## PwC Holdings Ltd and its Subsidiaries

Reference

**Corporate Governance Report**

For the financial year ended 31 December 2021

The Board and Board Committee meetings this year were conducted through video-conferences, in line with the Government advisories amidst the continuing Covid-19 pandemic. The number of Board and Board Committee meetings held through video conferences in the current financial year and the attendance of directors during these meetings are as follows:

	Board of Directors Number of meetings <sup>(1)</sup>		Audit Committee Number of meetings <sup>(1)</sup>		Nominating Committee Number of meetings <sup>(1)</sup>		Remuneration Committee Number of meetings <sup>(1)</sup>		Risk Committee Number of meetings <sup>(1)</sup>	
	Position		Position		Position		Position		Position	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
<b>Executive Director</b>										
Ang Boon Chew	M	8	8	-	-	-	-	-	-	-
Ran Jedwin Gervasio	M	-	-	-	-	-	-	-	M	-
<b>Non-executive Director</b>										
Tan Cheng Eng	C	8	8	M	4	4	-	-	C	2
David Grey	M	8	7	M	4	3	-	-	-	-
Balachandran Nair	M	8	8	C	4	4	M	3	2	2
Michael Philip White	M	8	7	M	4	3	C	3	3	-
Wan Oon Kee	M	8	8	M	4	4	M	3	2	-
Lee Chee Wai	M	8	8	-	-	-	-	-	M	2

Denotes:

C – Chairman as at 24 April 2022

M – Member as at 24 April 2022

<sup>(1)</sup> Number of meetings held/attended during the financial year/period from 1 January 2021 (or from date of appointment of Director, where applicable) to 31 December 2021

**CG 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.

## Corporate Governance Report

For the financial year ended 31 December 2021

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All directors receive a set of Board papers prior to the Board meetings. The Board papers are uploaded to the Board portal at least five working days prior to the meeting to ensure that directors have sufficient time to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

CG  
Provision  
1.6, CG  
Practice  
Guidance 1

- Minutes of the previous Board meeting;
- Minutes of meetings of all Committees of the Board held since the previous Board meeting;
- Background or explanations on matters brought before the Board for decision or information, including issues being dealt with by management, and relevant budgets, forecasts and projections. In respect of budgets and monthly financial statements, any material variance between the budgets and projections and actual results is disclosed and explained to the Board;
- Major operational and financial issues;
- Statistics on key performance indicators; and
- Statistics on customer satisfaction

### CG 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.

PwC Holdings Ltd and its Subsidiaries

Reference

## Corporate Governance Report

For the financial year ended 31 December 2021

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### Access to Management

CG  
Provision  
1.7, CG  
Practice  
Guidance 1

The directors have separate and independent access to the Group's senior management, including the CEO, the CFO and other key management, as well as the Group's internal and external auditors. Queries by individual directors on circulated papers are directed to management who will respond accordingly. Where relevant, directors' queries and management's responses are circulated to all Board members for their information.

### Access to external advisors

The Board has also approved a procedure for directors, whether as a full Board or in their individual capacities, to take independent professional advice, where necessary in the furtherance of their duties, at the Group's expense. The details of this procedure are articulated in the Director Manual.

### Access to the Company Secretary

All directors have separate and independent access to the advice and services of the Company Secretary. The Board has approved the terms of reference defining the role and responsibilities of the Company Secretary. The Company Secretary attends all meetings of the Board and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

## Corporate Governance Report

For the financial year ended 31 December 2021

### Principle 2: Board Composition and Guidance

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.

#### CG 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 corporation<sup>2</sup>, its substantial shareholders<sup>3</sup> 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<sup>4</sup>.

#### CG Provision 2.2

Independent directors make up a majority of the Board where the Chairman is not independent<sup>5</sup>.

#### CG Provision 2.3

Non-executive directors make up a majority of the Board.

<sup>2</sup>The term "related corporation", in relation to the company, has the same meaning as currently defined in the Companies Act (Chapter 50) of Singapore, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

<sup>3</sup>A "substantial shareholder" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.

<sup>4</sup>A director who falls under the circumstances described in Rule 210(5)(d) of the SGX Listing Rules (Mainboard) / Rule 406(3)(d) of the SGX Listing Rules (Catalist) is not independent.

<sup>5</sup>The Chairman is not independent when (i) he or she is not an independent director, (ii) he or she is also the CEO, (iii) he or she and the CEO are immediate family members as defined in the Listing Manual of the Singapore Exchange (i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent), (iv) he or she and the CEO have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the Nominating Committee, or (v) he or she is part of the Management team.

PwC Holdings Ltd and its Subsidiaries

## Corporate Governance Report

For the financial year ended 31 December 2021

Reference

### Board Composition and Independent Directors

The Board comprises eight members, six of whom are non-executive directors (including the Chairman). There are five independent directors— Mr Tan Cheng Eng (Board Chairman), Mr Balachandran Nair, Madam Wan Oon Kee, Mr Michael Philip White and Mr Lee Chee Wai.

CG  
Provisions  
2.1, 2.2 and  
2.3,

In consideration of the independence of each independent director, the NC and the Board have considered the circumstances under SGX Listing Rules and the Code's Practice Guidance 2 in which a director should be deemed to be non-independent as well as any other circumstance or relationship which might impact a director's independence, or the perception of his or her independence.

SGX  
Mainboard  
Listing Rule  
210(5)(c) /  
SGX  
Catalist  
Listing Rule  
406(3)(c),

The five independent directors have no relationship with the Company, its related companies, its substantial shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from management and its substantial shareholders.

CG Practice  
Guidance 2

#### CG 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 reviews the size and composition of the Board on an annual basis, and considers the present Board size of eight adequate for the current scope and nature of the Group's operations.

CG  
Principle 2,  
CG  
Provision  
2.4

As a group, the directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, finance, business and management, strategic planning and customer service relevant to the direction of a large, expanding group. Mr Tan Cheng Eng and Mr Balachandran Nair are trained in finance and management. Mr Ang Boon Chew has experience specifically in the electrical component parts industry, the core business of the Group. Madam Wan Oon Kee, Dr Ran Jedwin Gervasio and Mr Lee Chee Wai have experience in risk governance and enterprise risk management. A brief description of the background of each director is presented in the "Board of Directors" section of this annual report.

**Corporate Governance Report**

For the financial year ended 31 December 2021

**CG Guideline 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 non-executive directors and/or Independent Directors, led by the independent Chairman, Mr Tan Cheng Eng, meet regularly without the presence of the other directors to discuss matters of significance, such as constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance, which are subsequently reported to the Board.

CG  
Provision  
2.5

This year, the meetings were conducted through video conferences and the impact of Covid-19 on the Group's operations and affairs was a key topic of discussion.

**Principle 3: Chairman and Chief Executive Officer**

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.

**CG Provision 3.1**

The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making<sup>7</sup>.

**CG Provision 3.2**

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

<sup>7</sup>Rule 1207(10A) of the SGX Listing Rules (Mainboard) / Rule 1204(10A) of the SGX Listing Rules (Catalist) requires the Board to disclose the relationship between the Chairman and the CEO if they are immediate family members.

## Corporate Governance Report

For the financial year ended 31 December 2021

### Chairman

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The independent Board Chairman, Mr Tan Cheng Eng is responsible for leading the Board and facilitating its effectiveness. He stimulates a robust yet collegiate setting, sets the right ethical and behavioural tone, promotes a culture of openness and debate and provides leadership to the Board. The CEO, Mr Ang Boon Chew, is an executive director responsible for the business direction and operational decisions of the Group. The Chairman and CEO are not related. The division of responsibilities between the Chairman and the CEO has been set out in a set of guidelines reviewed and approved by the Board.

CG  
Principle 3,  
CG  
Provisions  
3.1 and 3.2

SGX  
Mainboard  
Listing Rule  
1207(10A) /  
SGX  
Catalist  
Listing  
Rule1204(1  
0A)

#### CG 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.

### Lead Independent Director

The Chairman is independent absolving the need for appointment of a lead independent director. However, the Board has in place a process for appointment of a lead independent director should the Chairman be no longer independent. Shareholders with concerns may contact him directly through channels as described on the company website, when contact through the normal channels via the CEO or CFO has failed to provide satisfactory resolution, or when such contact is inappropriate.

CG  
Provision  
3.3



# Corporate Governance Report

For the financial year ended 31 December 2021

## Principle 4

The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

### CG Provision 4.1

The Board establishes a Nominating Committee ("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<sup>8</sup>;
- (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<sup>9</sup> (including alternate directors, if any)

### CG 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.

<sup>8</sup>The term "key management personnel" shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

<sup>9</sup>Rule 720(5) of the SGX Listing Rules (Mainboard) / Rule 720(4) of the SGX Listing Rules (Catalist) requires all directors to submit themselves for re-nomination and re-election at least once every three years.

SGX  
Mainboard  
Listing Rule  
210(5)(e) /  
SGX  
Catalist  
Listing Rule  
406(3)(e)

## Nominating Committee

The Nominating Committee comprises the following independent and non-executive directors:

Mr Michael Philip White (Committee Chairman)  
Madam Wan Oon Kee  
Mr Balachandran Nair

CG  
Principle 4,  
CG  
Provisions  
1.4 and 4.2

## Corporate Governance Report

For the financial year ended 31 December 2021

The Nominating Committee was set up on 1 April 2008. The Committee held three meetings during the financial year through video-conferences. All members of this Committee are independent and non-executive directors.

### Roles and Responsibilities of the Nominating Committee

The Nominating Committee has a written Charter endorsed by the Board that sets out its duties and responsibilities. Amongst them, the Nominating Committee is responsible for:

CG  
Principle 4,  
CG  
Provisions  
1.4 and 4.1

- making recommendations to the Board on all board appointments;
- evaluation of performance of the Board, its committees, members and directors;
- reviewing the adequacy of the Board's training and professional development programmes; and
- reviewing the Board's succession plans for directors, in particular for the Chairman and the CEO.

#### CG Provision 4.3

The company discloses the process for the selection, appointment and reappointment 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.

### Selection, Appointment and Re-appointment of Directors

In the search, nomination and selection process for new directors, the Nominating Committee identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The matrix of attributes includes relevant experience, skillsets, technological expertise as well as diversity in competencies, age, gender and geography. After endorsement by the Board of the key attributes, the Nominating Committee taps on the resources of directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, recommendations from the Singapore Institute of Directors are considered and executive recruitment agencies are appointed to assist in the search process.

CG  
Principle 4,  
CG  
Provision  
4.3,  
CG Practice  
Guidance 4

## Corporate Governance Report

For the financial year ended 31 December 2021

Interviews are set up with potential candidates for Nominating Committee to assess them, before a decision is reached. The Nominating Committee also oversees the re-appointment of directors as and when their tenure of appointment is due. In assessing the directors for re-appointment, the Nominating Committee evaluates several criteria including qualifications, contributions and independence of the directors.

The Nominating Committee has established a detailed emergency succession plan that takes into account the unavailability of the Chairman, the CEO and key management personnel, Board sub-committee members and other directors. The process of appointing successors for limited periods in exceptional cases such as when a director has an illness due to Covid-19 or other medical emergency and is unable to perform his duties for a considerable amount of time is formalised. The NC has clearly defined roles and responsibilities for acting management or directors. There were no alternate directors in this financial year.

### CG 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.

### Independence of Directors

The Nominating Committee is also responsible for determining annually, the independence of directors. In doing so, the Nominating Committee takes into account the circumstances set forth in the Code and any other salient factors. Following its annual review, the Nominating Committee has endorsed the following independence status of the directors:

CG  
Provision  
4.4

#### Independent

Mr Tan Cheng Eng  
Mr Balachandran Nair  
Mr Michael Philip White  
Madam Wan Oon Kee  
Mr Lee Chee Wai

#### Non-independent

Mr Ang Boon Chew  
Mr David Grey  
Dr Ran Jedwin Gervasio

## Corporate Governance Report

For the financial year ended 31 December 2021

### CG 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<sup>10</sup> 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.

<sup>10</sup>The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

### Multiple directorships

The information on each director's listed company directorships and other principal commitments is presented in the "Board of Directors" and "Directors' Statement" section of this annual report.

CG  
Provision  
4.5

### Sufficient Time and Attention by Directors

The Nominating Committee is satisfied that sufficient time and attention was given by the directors to the affairs of the Group, taking into consideration the director's number of board representations (including non-listed board representations) and other principal commitments.

CG  
Principle 4,  
CG  
Provision  
4.5

The Group has guidelines in place to address the competing time commitments faced by directors serving on multiple boards and/or having multiple principal commitments. The Board has determined that the maximum number of listed company board representations which any director may hold is three. All directors of the Company currently do not hold more than three listed company board representations.

CG Practice  
Guidance 4

### Principle 5: Board Performance

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

# Corporate Governance Report

For the financial year ended 31 December 2021

## Guideline 5.1

Every Board should implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board.

## Guideline 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.

## Assessing Board Performance

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by the Chairman and each director to the effectiveness of the Board.

A consulting firm specialising in board evaluation and human resources was appointed by the Nominating Committee to help to design and implement the process. The consulting firm is not related to the Group or any of its directors. This is the seventh year in which this board evaluation process has been performed.

CG  
Provision  
5.1 and 5.2,  
CG Practice  
Guidance 5

The Board assessment as a whole considered the following key performance criteria (which have not changed from prior years):

- Board size and composition;
- Effectiveness of Board processes;
- Board information and accountability;
- Board performance in discharging principle functions;
- Board committee performance;
- Board's strategy in driving performance

The assessment of individual directors considered the following key performance criteria (which have not changed from prior years):

- Directors duties (including role in Board Committees);
- Level of commitment (including availability at and preparation for meetings);
- Knowledge
- Effectiveness of contribution;
- Inter-personnel relationships with other directors and senior management

# Corporate Governance Report

For the financial year ended 31 December 2021

## (B) Remuneration matters

### Principle 6: Procedures for Developing Remuneration Policies

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.

### CG Provision 6.1

The Board establishes a Remuneration Committee ("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.

SGX  
Mainboard  
Listing Rule  
210(5)(e) /  
SGX  
Catalist  
Listing Rule  
406(3)(e)

### CG 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.

### CG Provision 6.3

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

## Remuneration Committee

The Remuneration Committee comprises the following non-executive and independent directors:

Mr Tan Cheng Eng (Committee Chairman)  
Mr Balachandran Nair  
Mr Lee Chee Wai

CG  
Principle 6,  
CG  
Provision  
1.4

## Corporate Governance Report

For the financial year ended 31 December 2021

### Roles and Responsibilities of the Remuneration Committee

The principal responsibilities of the Remuneration Committee are:

- (a) Recommending to the Board for endorsement, a framework for computation of directors' fees of the Board (both executive and non-executive directors) and senior management of Senior Vice President grade or its equivalent and above. For executive directors and other senior management, the framework covers all aspects of executive remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind) and termination terms;
- (b) Recommending the specific remuneration packages and termination terms, for each director and other senior management of Senior Vice President grade or its equivalent and above; and
- (c) Administering the PwC Employee Share Option Scheme.

CG  
Principle 6,  
CG  
Provisions  
1.4, 6.1 and  
6.3,  
CG Practice  
Guidance 6

#### CG Provision 6.4

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



PwC Holdings Ltd and its Subsidiaries

Reference

## Corporate Governance Report

For the financial year ended 31 December 2021

The Remuneration Committee from time to time seeks advice from external remuneration consultants, who are unrelated to the directors or any organisation they are associated with, as well as confidentially from selected senior management, including the Director (Human Resource), at its discretion.

CG  
Provision  
6.4

### Principle 7: Level and Mix of Remuneration

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.

#### CG 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.

#### CG 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.

Corporate Governance Report

For the financial year ended 31 December 2021

Remuneration of Executive Directors and Key Management Personnel

The remuneration package of executive directors and other senior management of senior vice president grade or its equivalent and above (“Senior Management”) consists of the following components:

(A) Fixed and Variable

The fixed component comprises of basic salary, Central Provident Fund (“CPF”) contribution and annual wage supplement. To ensure that key executives’ remuneration is consistent and comparable with market practice, the Remuneration Committee regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

CG  
Principle  
7 and 8,  
CG  
Provisions  
7.1 and 7.3,  
CG Practice  
Guidance 7  
and 8

The variable component comprises variable bonus based on the Group’s and the individual’s performance, as well as the monthly variable component of the basic salary. To link rewards to sustained performance and value creation, the more senior the executive is in the Group, the higher is the percentage of the variable component against total compensation. A comprehensive and structured assessment of the performance of Senior Management, which includes 360-degree assessments and measuring their performance against selected key performance indicators, is undertaken each year. Bonuses payable to Senior Management are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders and promote the long-term success of the Group.

PwC Holdings Ltd and its Subsidiaries

Reference

## Corporate Governance Report

For the financial year ended 31 December 2021

The selected key performance metrics and breakdown of variable component are as follows:

CG  
Principle 7,  
CG  
Provision  
7.1 and 7.3

### **Financial Performance Measures**

- i. Earnings Per Share
- ii. Return on Equity
- iii. Total Shareholder Return

### **Non-Financial Performance Measures**

- i. Customer retention and growth
- ii. Employee Productivity

Targets are set for performance indicators and the pay-outs can be achieved for hitting or exceeding performance targets.

### **(B) Benefits**

Benefits provided are consistent with market practice and include medical benefits, flexible benefits, car allowance, club benefits and housing subsidy. Eligibility for these benefits will depend on individual salary grade and length of service.

#### **CG 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.

(C) Share Options

Management staff with more than three years of service are eligible for the grant of options under the PwC Employee Share Option Scheme. The options granted will vest only on completion of another two years of service with the Group, commencing from the grant date. The directors and other management are encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability. More information on the PwC Employee Share Option Scheme is set out in the Directors' Statement and the Annual Remuneration Report.

CG  
Provisions  
7.3 and 8.3

**CG 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.

**Remuneration of Non-Executive Directors**

The Remuneration Committee reviews the scheme put in place by the Company for rewarding the non-executive directors to ensure the compensation is commensurate with effort, time and role of the non-executive directors. Contracts with Directors and Senior Management contain "claw back" termination clauses to safeguard the Group's interests in the event of exceptional circumstances of misstatement of financial statements, misconduct resulting in financial loss or fraud by executive directors and key management personnel.

CG  
Provision  
7.2,  
CG Practice  
guidance 7

The fees and allowances proposed to be paid to directors for the current financial year are determined based on the same formula applied in the previous year as follows:

TYPE OF APPOINTMENT	PROPOSED FEE
	\$
<b>Board of Directors</b>	
Basic Fee	50,000
Board Chairman's Allowance	32,000

PwC Holdings Ltd and its Subsidiaries

Reference

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Audit Committee**

Committee Chairman's Allowance	27,000
Member's Allowance	13,500

**Risk Committees**

Committee Chairman's Allowance	20,000
Member's Allowance	11,000

**Other Board Committees**

Committee Chairman's Allowance	13,500
Member's Allowance	9,000

**Attendance fee**

Per Board meeting in Singapore	1,000
Per Audit Committee meeting in Singapore	800
Per Other Board Committee meeting in Singapore	600
Per Board meeting overseas	3,000
Per Audit Committee meeting overseas	2,000
Per Other Board Committee meeting overseas	1,500

Besides the basic fee, every director will receive:

- The Chairman's allowance if he is Chairman of the Board;
- The relevant allowance (depending on whether he is Chairman or a member of the relevant Board Committee) for each position he holds in the Board Committee during the financial year; and
- The relevant attendance fee for each Board and Board Committee meeting he attends during the financial year.

If he occupies a position for part of the financial year, the fee or allowance payable will be prorated accordingly.

# Corporate Governance Report

For the financial year ended 31 December 2021

## Disclosure on Remuneration of individual Director

### Principle 8: Disclosure on Remuneration

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.

### CG 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 S\$250,000 and in aggregate the total remuneration paid to these key management personnel.

## The Annual Remuneration Report

	Basic salary <sup>(1)</sup>	Fees <sup>(1)</sup>	Benefits- in-kind	Bonus	Termination benefit	Fair value of share options granted <sup>(2)</sup>	2021 Total	2020 Total	Total Fair Value of Options granted in <sup>(5)</sup>	CG Principle 8, CG Provision 8.1, CG Practice Guidance 8
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2021 2020 \$'000 \$'000	
<u>Executive Directors</u>										
Ang Boon Chew	290	32 <sup>(3)</sup>	420	42	-	86	870	860	100 100	
Ran Jedwin Gervasio	250	20 <sup>(3)</sup>	-	20	-	-	290	-	- -	
<u>Non-executive Directors</u>										
Tan Cheng Eng	-	95	-	-	-	-	95	95	- -	
David Grey	-	70	-	-	-	-	70	70	- -	
Balachandran Nair	-	65	-	-	-	-	65	65	- -	
Michael Philip White	-	56	-	-	-	-	56	56	- -	
Wan Oon Kee	-	44	-	-	-	-	44	44	- -	
Lee Chee Wai	-	41	-	-	-	-	41	41	- -	
	562	435	777	51	100	86	2,011	1,900	100 100	

PwC Holdings Ltd and its Subsidiaries

Reference

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Key Management Personnel**

	2020	Basic salary <sup>(1)</sup>	Benefits-in-kind	Bonus	Fair value of share options granted <sup>(4)</sup>	Total
≥\$1,000,001	Tracy	45%	43%	3%	9%	100%
– \$1,250,000	Phung					
≥\$500,001	Ran	41%	44%	3%	11%	100%
– \$750,000	Jedwin					
	Gervasio					
≥\$250,000	Abdul	43%	45%	2%	9%	100%
– \$500,000	Rahmat,					
	Raju					
	Samy,					
	Henry					
	Heng					

The total remuneration paid to the top five key management personnel for the financial year was \$4.25 million (2020: \$4.12 million). All key management personnel have achieved the target performance indicators, which were revised considering the Covid-19 impact on business. There was no payment of any termination, retirement and post-employment benefits for the financial year.

Denotes:

- <sup>(1)</sup> Includes allowances and contributions to Central Provident Fund (where applicable).
- <sup>(2)</sup> Refers to the expense on share options granted to the executive directors/senior management recognised in the financial statements.
- <sup>(3)</sup> Includes fees paid/payable for directorship in subsidiary/subsidiaries.
- <sup>(4)</sup> Refers to the total fair value of share options granted to the executive directors/senior management during the financial year. The fair value of the options was estimated using the Binomial Option Pricing model.

**CG 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.

## Corporate Governance Report

For the financial year ended 31 December 2021

### Disclosure on Remuneration of employees who are substantial shareholder of the company, or immediate family members of a director, the CEO or substantial shareholder of the company

CG  
Provision  
8.2

Ms Ang Sue-Anne, the daughter of Mr Ang Boon Chew, the CEO and an Executive Director of PwC Holdings Ltd, was employed by PwC Property (Singapore) Pte Ltd, a subsidiary of the Group, as a Financial Controller and has received remuneration comprising salary and annual bonus amounting to \$168,000 in that capacity during this financial year.

### (C) 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.

##### CG 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 Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board (through the Audit Committee and the Risk Committee) approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

CG  
Principle 9



PwC Holdings Ltd and its Subsidiaries

Reference

## Corporate Governance Report

For the financial year ended 31 December 2021

### Risk Committee

The Risk Committee consists of the following three Directors:

CG  
Provision  
1.4 and 9.1

- Madam Wan Oon Kee (Committee Chairman)
- Mr Lee Chee Wai
- Dr Ran Jedwin Gervasio

The Risk Committee assists the Board in its oversight of risk management. The Risk Committee is independent from management.

The Group Risk Management Framework, approved by the Board, is aligned with the ISO 31000:2018 Risk Management framework and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) 2017 Enterprise Risk Management – Integrated Framework.

### Roles and Responsibilities of the Risk Committee

The Risk Committee has written Terms of Reference which is endorsed by the Board and sets out the Committee's duties and responsibilities. During the meetings of the Risk Committee held through video-conferences during the financial year, the Committee performed its functions and responsibilities as set out in its terms of reference, which include the following:

CG  
Principle 9,  
CG  
Provision  
1.4 and 9.1,  
CG Practice  
Guidance 9

- reviews and recommends updates to the Group's risk governance approach, Risk Management Framework and core risk management process;
- reviews the significant strategic, financial, operational, regulatory/ compliance, and information technology risks of the Group, and conducts horizon scanning to further identify emerging risks in these categories;
- reviews Management's assessment of risks and Management's action plans to mitigate such risks;
- supports the Board in the setting of risk appetite for top risks;
- reviews reports of any material breaches of risk tolerances;
- reports to the Board and the Audit Committee on matters, findings and recommendations relating to risk management;
- reviews the adequacy and effectiveness of the Group's risk management systems; and
- reviews, together with the Audit Committee, the adequacy and effectiveness of the Group's internal controls addressing financial, operational, regulatory/ compliance and information technology risks.

# Corporate Governance Report

For the financial year ended 31 December 2021

## Management's Responsibility in Risk Management

Management is responsible for adequately designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risks management and internal controls. The Group has a Risk Manager who co-ordinates the Group's risk management efforts.

SID BRC  
Guide  
Appendix  
1C

The strategic planning cycle is conducted at the beginning of each financial year to identify risk relevant to the business of the company. Having identified the risks arising from strategic business objectives, mitigating actions are designed to manage each significant risk. Management will also promptly bring to the attention of the Board if any changes to risk or emerging risks are identified. Information such as the types of risks, the controls and processes for managing risks is subsequently summarised in a Group Risk Register, which is reviewed by Management, the Risk Committee and the Audit Committee.

Management also conducted an annual training on risk management and a risk discussion forum to heighten risk awareness for staff at middle management level. Management is responsible for day-to-day monitoring of these risks and highlighting significant events arising thereon to the Risk Committee and the Board.

## Risk Appetite and Risk Tolerance

At the start of every financial year, the Board establishes the risk appetite of the Group, having considered the extent of risk which needs to be taken to achieve its strategic objectives. Risk tolerance limits are then established by Management under the Risk Committee's guidance for the different classes of risk. Subsequently, Management monitors the extent of risk the Group is exposed to through a set of Key Risk Indicators agreed with the Risk Committee. Breaches of risk tolerance limits are escalated to the Risk Committee, and where relevant the Audit Committee, for their direction on how the risk management strategy should be adjusted.

CG  
Principle 9,  
Provision  
9.1

SID BRC  
Guide 4.4

## Risk Identification, Assessment Management and Monitoring process

The Risk Committee conducted four online dialogue sessions with management to understand the process to identify, assess, manage and monitor risks within the Group. At Risk Committee meetings held through video conferences during the year, the Risk Committee provided feedback to Management on its proposed top risks, risk treatment plans and actual performance against agreed Key Risk Indicators (KRIs). In light of the Covid-19 crisis, the Board and the management have worked together to identify material business risks and workplace health and safety issues. The top risks identified for the Group for the financial year are as

CG  
Provision  
9.1 and  
10.1(b),

SGX  
Mainboard /  
Catalist  
Listing Rule  
719(1)

## Corporate Governance Report

For the financial year ended 31 December 2021

follows:

- Financial – Capital, liquidity and credit risks;
- Operational – Remote working measures and their impact on internal controls in general,
- Supply chain risk;
- Information Technology – Cyber Security and Data Protection;
- Financial Crime – Internal/External Fraud and Conduct; and
- Compliance – Workplace Safety and Health Act and Personal Data Protection Act.

In assessing emerging risks for the Group over a horizon of five years, the Risk Committee has identified the following key risks:

- Financial recovery and value creation due to Covid-19 impact on business;
- Cyber resilience due to cyber-attacks and phishing attempts;
- Data and security due to access management and remote working;
- Supply chain and market risks amidst on-going trade wars; and
- Regulatory risks as the Group ventures into emerging economies.

In addition, the Risk Committee also engaged an external risk management consultant, ABC LLP, during the year to conduct an independent review on the effectiveness, adequacy and robustness of the Group's risk management policies and processes and to make recommendations to enhance the internal controls over the risk management processes, as remote working became a new norm. Adequacy and effectiveness of the Group's risk management framework and systems, identify gaps with leading practices, and recommend how such gaps may be remediated.

Management presented quarterly reports to the Risk Committee and the Board on the Group's evolving risk profile, the status of risk mitigation action plans and updates on the following areas:

- impact of Covid-19 on business continuity, recovery and value preservation;
- assessment of the Group's key risks by major business units and risk categories;
- identification of specific risk owners who are responsible for the risks identified;
- description of the processes and systems in place to identify and assess risks to the business

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

## Corporate Governance Report

For the financial year ended 31 December 2021

- and how risk information is collected on an ongoing basis;
- ongoing gaps in the risk management process such as system limitations in capturing and measuring risks, as well as action plans to address the gaps;
- status and changes in plans undertaken by management to manage key risks; and
- description of the risk monitoring and escalation processes and also systems in place.

### Risk Response

The Board has reviewed and approved the business continuity plan to deal with Covid-19 impact on business, such as operational disruptions, workplace and employee health and safety, employee availability, IT systems functionality, cyber security, access management, communication protocols and contractual and regulatory compliance, so as to mitigate and minimise the negative impact on the Group's operations.

SID BRC  
Guide 4.11

The approved plan was endorsed by the Risk Committee which addressed the following:

- identification of critical business functions and their operational arrangement (e.g. split team working arrangements and etc.);
- impact on the closure of business operation sites and availability of alternate working arrangements (e.g. remote/work from home arrangements and etc.);
- communication with business partners on revised operational protocols;
- measures to reduce spread of Covid-19 and other pandemic outbreaks (e.g. safe distancing measures, employee health and safety measures and etc.); and
- crisis management procedures (e.g. crisis management team and communication and etc.).

Management has implemented the business continuity plan and reported relevant updates and emerging risks to the Board and the Audit Committee in a timely manner.

### Commentary on Adequacy of the Group's Internal Controls

The Board with the assistance of the Risk Committee and the Audit Committee, has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems (addressing financial, operational, regulatory/ compliance and information technology risks). The assessment considered issues dealt with in reports reviewed by the Risk Committee, the Audit Committee and the Board during the year together with any

SGX  
Mainboard  
Listing Rule  
610(5) and  
719(1) /  
SGX  
Catalist  
Listing Rule

**Corporate Governance Report**

For the financial year ended 31 December 2021

additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the financial year ended 31 December 2020.

407(4)(b)  
and 719(1)

The Board's annual assessment in particular considered:

- the changes since the last annual assessment in the nature and extent of significant risks (including risks associated with Covid-19 pandemic), and the Company's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks, changes in risk profile and of the system of internal controls and the work of its internal audit function and other providers of assurance;
- the extent and frequency of the communication of the results of the monitoring to the Risk Committee and the Audit committee; and
- any incidence of significant internal controls weaknesses that were identified during the financial year.

SGX  
Mainboard  
Listing Rule  
610(5) and  
719(1) /  
SGX  
Catalist  
Listing Rule  
407(4)(b)  
and 719(1)

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the view that the Group's internal controls including financial, operational, compliance and information technology controls, were adequate and no material weaknesses were identified as at 31 December 2020.

**CG 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 Chief Financial Officer ("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 obtained written assurance from the CEO and CFO:

- a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- b) regarding the effectiveness of the Group's risk management and internal control systems.

CG  
Provision  
9.2

# Corporate Governance Report

For the financial year ended 31 December 2021

## Audit Committee

### Principle 10: Audit Committee

The Board has an Audit Committee ("AC") which discharges its duties objectively.

### CG 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.

SGX  
Mainboard  
Listing Rule  
210(5)(e) /  
SGX  
Catalist  
Listing Rule  
406(3)(e)

## Roles and Responsibilities of the Audit Committee

The Audit Committee has written Terms of Reference, approved by the Board, which sets out its composition, authority and duties. The Audit Committee is authorised by the Board to investigate any matter within its Terms of Reference and has full access to, and cooperation of management, with full discretion to invite any director or executive officer to attend its meetings.

CG  
Principle 10,  
CG  
Provisions  
1.4 and  
10.1

**Corporate Governance Report**

For the financial year ended 31 December 2021

During the meetings of the Audit Committee held through video conferences during the financial year, the Committee performed its functions and responsibilities as set out in its Terms of Reference, which include the following:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- reviewing the adequacy and effectiveness of the Group's internal controls including added mitigation measures considered during the pandemic, apart from the usual financial, operational, compliance and information technology controls semi-annually;
- reviewing the adequacy, effectiveness and independence of the Group's internal audit function in the current remote working environment semi-annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as changes in the scope and results of the internal audit plan and procedures;
- reviewing the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- ensuring the external auditor's audit plan is agile, reviewing audit report and the external auditor's evaluation of the system of internal accounting controls with the external auditor;
- ensuring adequate assistance is given by management to the external auditor such as access to relevant documentation and personnel during remote working arrangements;
- reviewing the nature and extent of the external auditor's non-audit services to the Group as well as the extent of reliance placed by the external auditor on the internal auditor's work, seeking to balance the maintenance of objectivity and value for money;
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing the quarterly, half-yearly and full-year financial reports of the Group, prior to their submission to the Board;
- coordinate with the Risk Committee on its oversight on risk management matters, including involvement and review of the Covid-19 response plan, assessment of heightened risk areas and trial new ways of remote working; and
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements.

Guidance notes

**Financial Matters - AC commentary**

Provision  
10.1(a)

1. Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and the Singapore Exchange (“SGX”) have jointly issued a letter to Audit Committees (“ACs”) of all Singapore listed companies, in relation to the inclusion of commentary from ACs on key financial reporting matters. ACs are encouraged to make such disclosure in the annual report.

**Financial Matters**

In its review of the financial statements, the Audit Committee has discussed with management the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were reviewed by the Audit Committee and discussed with the management and the external auditor:

Significant Matter	How the Audit Committee reviewed these matter
[Not illustrated]	[Not illustrated]



PwC Holdings Ltd and its Subsidiaries

Reference

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Independence of external auditors**

The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid for the external auditors of the Group for the financial year ended 31 December 2020 was:

CG  
Provision  
10.1(d) and  
10.1(e),  
CG Practice  
Guidance  
10

	\$'000
Audit fees	850
Non-audit fees	335
Total fees	1,185

The Audit Committee has reviewed the non-audit services rendered by the external auditors for the financial year ended 31 December 2020 as well as the fees paid, and is satisfied that the independence of the external auditors have not been impaired.

**Whistle Blowing**

The Group has a zero-tolerance approach for unethical practices, as set out in its Code of Ethics. The Group has a whistle-blowing policy in place which encourages the reporting of matters of fraud, corruption or dishonest and unethical practices. The whistle blowing policy is communicated to all staff and covered during staff training. The whistle-blowing policy also extends to the public who wish to report similar matters to a hotline and the Group's website that is independently managed by an external service provider.

CG  
Provision  
10.1(f)

The Group undertakes to investigate complaints of suspected fraud and unethical behaviour in an objective manner and has put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Group has continued to put in place a process to perform virtual investigations, in light of the ongoing Covid-19 pandemic. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by a Compliance Manager who reports his findings directly to the Chairman of the Audit Committee.

# Corporate Governance Report

For the financial year ended 31 December 2021

## Interested Person Transactions

The Audit Committee reviewed the Group's Interested Person Transactions ("IPT") to ensure that the transactions were executed at normal commercial terms and did not prejudice the interests of the Group and its minority shareholders. The Audit Committee is satisfied that there were no material contracts involving the interests of the CEO, Directors or the controlling shareholders and their subsidiaries. Management reported that the internal control procedures for determining the transaction prices of IPT had not changed since the date of the last Annual General Meeting, at which time the shareholders' mandate for IPT was last renewed. The Audit Committee is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPT was effective. Management accordingly recommended that the Company not appoint an independent financial advisor to review the IPT methods and procedures in the current financial year. Pursuant to the provisions under SGX-ST Listing Rule 920(1), the Audit Committee concurred with management's recommendations.

### CG 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 Audit Committee comprises the following Directors:

Mr Balachandran Nair (Committee Chairman)  
 Mr Tan Cheng Eng  
 Mr David Grey  
 Mr Michael Philip White  
 Madam Wan Oon Kee

CG  
 Principle 10,  
 CG  
 Provision  
 10.2

All the members of the Audit Committee including the Chairman are non-executive directors. Except for Mr David Grey who was an Executive Director of PwC Global Limited, the ultimate holding corporation of the Group, all members are independent. As a sub-committee of the Board, the Audit Committee is responsible for assisting the Board in discharging its statutory and other responsibilities relating to internal controls, financial and other accounting matters as well as matters pertaining to regulatory compliance.

PwC Holdings Ltd and its Subsidiaries

Reference

## Corporate Governance Report

For the financial year ended 31 December 2021

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities. Two members of the Audit Committee, namely Mr Michael Philip White and Mr Tan Cheng Eng, as well as the Audit Committee Chairman Mr Balachandran Nair, have recent and relevant financial management expertise and experience. One of the Audit Committee members, Mr Michael Philip White is knowledgeable about Information Technology ("IT") systems and controls.

CG  
Provision  
1.4

During the year, the Audit Committee attended at least eight hours of virtual trainings organised by management and also participated in online external seminars on financial, corporate governance, regulatory and other business-related topics.

### CG 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 members nor the Chairman of the Audit Committee are former partners or directors of the Group's auditing firm.

CG  
Provision  
10.3

### CG 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.

## Corporate Governance Report

For the financial year ended 31 December 2021

### Internal Audit Department (“IAD”)

The IAD provides assurance to the Board and Audit Committee, based on internal audit activities it undertakes, over the adequacy and effectiveness of the Group’s internal controls. The Head of IAD has a direct and primary reporting line to the Chairman of the Audit Committee. The appointment, assessment and compensation of the Head of IAD are approved by the Audit Committee. Overall, the Audit Committee is satisfied that IAD as a function continues to be effective, adequately resourced, and independent of all activities which it audits.

CG  
Principle 10,  
CG  
Provision  
10.1 (e) and  
10.4

The Group recruits and employs qualified professional staff in the IAD. The IAD staff are provided regular training and development opportunities to ensure that technical knowledge and internal audit skills are maintained.

SGX  
Mainboard  
Listing Rule  
719(3) and  
1207(10C) /  
SGX  
Catalist  
Listing Rule  
719(3) and  
1204(10C)

The Head of IAD reports to the Audit Committee on the nature and frequency of training and seminars attended and participated in by the IAD staff to enhance their skill sets in specialised areas and professional Internal Auditing standards.

Where outsourced internal audit services are required to supplement the internal audit work for the financial year, the appointment of the service provider to perform such services is approved by the Audit Committee. The internal audit charter ensures IAD has full access to all documents, records, properties and personnel of the Group.

The IAD is a corporate member of the Singapore Chapter of the Institute of Internal Auditors (“IIA”) and adopts the International Standards for the Professional Practice of Internal Auditing laid down by the IIA. The 2013 COSO Internal Control Framework was used to assess the effectiveness of internal controls as set out below:

1. Control Environment: The nature of the Group’s control environment has a pervasive effect on IAD’s assessment of risks. IAD assessed the design of the various elements in the control environment to determine the strength of the foundation for all other components of internal control and made appropriate recommendations for improving the control environment. The assessments were conducted remotely, by reviewing electronic and scanned documentation and by requesting evidence, as required. IAD has considered the following elements (which have a pervasive effect) and how they have been incorporated into the Group’s processes:
  - Communication and enforcement of integrity and ethical values
  - Commitment to competence
  - Participation by those charged with governance
  - Management’s philosophy and operating style
  - Organisational structure
  - Assignment of authority and responsibility
  - Human resource policies and practices

**Corporate Governance Report**

For the financial year ended 31 December 2021

2. Risk Assessment: IAD performed a risk assessment process of Group's various operations and identified the relevant risks and their significance and assessed their likelihood (including consideration of the results from the risk management process).
3. Control Activities & Information and Communication: IAD assisted the Group in maintaining effective controls by evaluating the effectiveness and efficiency of processes, amidst the Covid-19 pandemic. In particular, controls over initiation, processing, recording, authorisation of transactions, physical security controls, user access controls, segregation of duties and performance reviews. IAD also obtained an understanding of how the Group has responded to risks arising from remote working conditions.
4. Monitoring of controls: IAD observed that Management adequately monitored internal controls as part of the control activities noted above, especially in processes, people and systems.

CG  
Provision  
10.1(e)

The Audit Committee approves the internal audit plan and budget and ensures the adequacy of internal audit resources during the first Audit Committee meeting each year. The scope of IAD covers all business and support functions within the Group. Associates and joint ventures are also subject to internal audit on a regular basis, either by IAD or by their own internal audit departments (the adequacy of which is reviewed regularly by IAD).

During the financial year, IAD conducted its audit reviews based on the internal audit plan approved by the Audit Committee. An agile audit planning approach was adopted to adjust to the rapidly changing environment amidst the pandemic. Audits were conducted remotely leveraging technology. Upon completion of each audit assignment, IAD reported its findings and recommendations to management who would respond on the actions to be taken. IAD submitted quarterly internal audit summary reports to the Audit Committee on the status of the audit plan and on audit findings and actions taken by management on the findings.

**Corporate Governance Report**

For the financial year ended 31 December 2021

**CG 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 Audit Committee held seven virtual meetings during the financial year. The CEO, CFO, Head of Internal Audit Department ("IAD") and the Risk Manager participated in these meetings at the invitation of the Audit Committee. The Group's external auditor was also present at the relevant junctures during these meetings. The Audit Committee has also held virtual meetings with the external and internal auditors, without any executive of the Group being present, twice during the financial year to:

CA201B(6)

CG  
Provision  
10.5

- obtain feedback on the competency and adequacy of the finance function;
- enquire into the root causes for major audit adjustments and issues; and
- inquire if there are any material weaknesses or control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements as well as over other operational, compliance and information technology areas.

**(D) Shareholder rights and engagement****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.

**CG 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.

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Shareholder Rights**

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

CG  
Principle 11,  
SGX  
Mainboard /  
Catalist  
Listing rule  
703(1)(b)

The Group strongly encourages shareholder participation during the Annual General Meeting ("AGM") which was conducted through a video conference this year, similar to last year. Shareholders were able to proactively engage the Board and management on the Group's business activities, Covid-19 impact on financial performance, changes in capital investment and strategies and other business-related matters. Resolutions were passed through a process of voting by electronic polling and shareholders were entitled to vote in accordance with established voting rules and procedures. The poll results in favour and against for each resolution put forth were presented during the AGM.

CG  
Provision  
11.1, SGX  
Mainboard /  
Catalist  
Listing Rule  
730A

Registered shareholders including corporations, who are unable to attend the AGM are provided the option to appoint a nominee or custodial services to appoint more than two proxies. This allows shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

**CG 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.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

CG  
Provision  
11.2

**CG 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.

**Corporate Governance Report**

For the financial year ended 31 December 2021

At each Annual General Meeting, the Chairman of the Board presents the progress and performance of the Group and encourages shareholders to participate in the Question and Answer session. The external auditor is present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

CG  
Provision  
11.3

All directors are present at Annual General Meetings, and other general meetings held by the Company if any, to address shareholders' queries. Appropriate members of Management are also present at general meetings to address operational questions from shareholders which may arise.

CG  
Provision  
11.3**CG Provision 11.4**

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

The Group believes in encouraging shareholder participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or appoint a nominee or custodial services to appoint more than two proxies. This year the voting was held electronically during the virtual meetings.

CG  
Principle 11,  
CG  
Provision  
11.4**CG 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.

Minutes of the discussion at the AGM are available on the Company website at [[www.pwcholdings.com.sg/investorrelations/minutes](http://www.pwcholdings.com.sg/investorrelations/minutes)]

**CG Provision 11.6**

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



PwC Holdings Ltd and its Subsidiaries

Reference

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Dividend Policy**

The Group has a policy which governs how much to pay out to shareholders in dividends. The Group declares annual dividends at the rate of approximately 30-60% of the net profit after tax in accordance with the consolidated financial statements. This is provided that the amount of dividend declared does not exceed the Group's retained earnings. In the event that the financial statements show a retained loss, a dividend will not be declared.

CG  
Provision  
11.6

SGX  
Mainboard  
Listing Rule  
704(24)/  
SGX  
Catalist  
Listing Rule  
704(23)

**Principle 12: Engagement with Shareholders**

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.

**CG 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.

**CG 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.

**CG 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.

## PwC Holdings Ltd and its Subsidiaries

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Reference**

The directors and Management regularly engage shareholders to hear their views on matters affecting the company.

CG  
Principles  
11 and 12

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. Briefings for the quarterly and full year results are conducted for analysts and the media following the release of the results via SGXNET. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments. All analysts' and media briefing materials are made available on SGXNET and on the Company's website [www.pwcholdings.com.sg](http://www.pwcholdings.com.sg) for the information of shareholders.

CG  
Provision  
11.1 and  
12.2

The Group has a dedicated investor relations team which communicates with its shareholders and analysts on a regular basis and attends to their queries or concerns. The team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties. Shareholders can avail themselves of a telephone or email feedback line that goes directly to the Group's investor relations team. Material information is published on SGXNET and on the Company's website [www.pwcholdings.com.sg](http://www.pwcholdings.com.sg), and where appropriate, through media releases on a timely basis.

CG  
Provisions  
12.1, 12.2  
and 12.3

In addition, the Group proactively engages shareholders through one-on-one meetings, conference calls, investor conferences and road shows. Over the past financial year, similar to the earlier year, the engagement process was closely monitored to provide reassurance and more regular updates to shareholders in a light of the continuing Covid-19 situation. The frequency of the updates was increased and the Group held multiple virtual meetings with the investors. In these meetings, matters pertaining to changes in business strategy, prospects, operational and financial performance were shared by Management without contravening SGX's policy on selective disclosure.

CG  
Provision  
12.3

**Corporate Governance Report**

For the financial year ended 31 December 2021

**Principle 13: Engagement with Stakeholders**

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.

**CG 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.

**CG 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.

**CG Provision 13.3**

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

The Board recognises the interests of other parties such as customers, employees, suppliers and the larger community are essential as part of value creation for the Group. The Group has in place a process to identify the major stakeholders, their needs and effective communication channels to engage these stakeholders.

CG  
Provisions  
13.1 and  
13.2

The Group key focus areas during the reporting period are ensuring customer satisfaction, enhancing employees' well-being, engaging in responsible and ethical business practices, managing supply chain sustainability and contributing to community development.

The Group engages with the key stakeholders through various means. Full details of the Group's strategy, areas of focus, methods of engagement and stakeholders' response can be found in our annual Sustainability Report 2020.

For engaging in responsible and ethical business practices, the Group's code of ethics is extended to the suppliers to ensure suppliers understand the Group's principles and comply with the standards the Group operate by.

CG  
Provision  
13.3

Feedback is gathered from the suppliers through dialogues and surveys. The Group also actively work with the suppliers to reduce its environment footprint. Lastly, the Group contributes to the larger community through programmes such as staff volunteering and donation drives, hosting of industry symposiums and having dialogue sessions with trade unions.

Stakeholders can also reach out to the Company through telephone or email feedback line found on our corporate website [www.pwcholdings.com.sg/contactus](http://www.pwcholdings.com.sg/contactus) that goes directly to the Group's public relations team.

## Corporate Governance Report

For the financial year ended 31 December 2021

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### Board Matters

- One-third Independent Directors now mandatory under the SGX Listing Rules
- The Code further provides that the Board should comprise a majority of Non-Executive Directors, or where the Chairman is not independent, a majority of Independent Directors
- Directors seeking appointment/ re-appointment as Independent Directors beyond nine years will be subject to two-tier voting
- Of the seven tests of director independence in the 2012 Code, four have been moved to the SGX Listing Rules, and two to Practice Guidance
- Shareholding threshold reduced from 10% to “substantial shareholder” (currently 5%) in the context of director independence
- The Code now provides that Boards should have and disclose a Board diversity policy
- Age added as an aspect of diversity
- The requirement for first-time directors of listed entities to undergo training as well confirming that the prescribed training has been undertaken is now mandatory under the SGX Listing Rules

### Remuneration and Other Matters

- The Code now provides that companies should disclose the relationship between remuneration, performance and value creation
- Beyond employees who are immediate family members of directors and the CEO, the Code now provides that the remuneration of substantial shareholders and their immediate family members who are employees should be disclosed, although the monetary threshold has been raised from \$50,000 to \$100,000
- The requirement that companies need to maintain an internal audit function that is adequately resourced, effective and independent of the activities it audits is now mandatory under SGX Listing Rules
- The Board is now required to comment on the adequacy and effectiveness of both internal control and risk management systems, and in reviewing such, should obtain assurance from the CEO and other key management personnel responsible. A statement on whether the AC concurs with the Board's comments must also be provided.
- Disclosure of reasons for not paying dividends has been made mandatory under the SGX Listing Rules
- New Principle 13 ‘Engagement with Stakeholders’ included in the code

# Sustainability Report

Environmental, Social and Governance Performance



# Sustainability Report 2021

For the financial year ended 31 December 2021

## Guideline 1

In June 2016, in line with the finalised Singapore Stock Exchange sustainability reporting guidelines, all listed companies must produce a sustainability report on a 'comply or explain' basis within 5 months of the financial year. Companies that are reporting for the first time are given up to 12 months from the end of the financial year to publish their first sustainability report.

The sustainability report should comprise of five key components:

### Sustainability Reporting Framework

Selection of a reporting framework (or frameworks) to guide its reporting and disclosure.

The company should explain its reasons for choosing the framework(s) and provide a general description of the extent of the company's application of the framework(s). Using an internationally recognised or industry relevant framework, such as the Global Reporting Initiative (GRI), will enhance acceptance and comparability.

### Material Environmental, Social, and Governance (ESG) Factors

Identification of material ESG factors, explaining the reason for their selection and a description of the selection process, taking into consideration their relevance to business strategy, business model and key stakeholders.

### Policies, Practices and Performance

Policies, practices and performance of the company in relation to each of the material ESG factors in both descriptive and quantitative information. Performance should be discussed in the context of any previously disclosed targets.

### Targets

The report should include targets for the forthcoming year for each material ESG factor identified.

### Board Statement

The sustainability report should contain a statement from the Board on describing its role in considering sustainability issues as part of its strategic formulation, in determining the material ESG factors and overseeing the management and monitoring of the material ESG factors.

**The following section provides a sample sustainability report that meets the basic requirements of the SGX guidelines. Preparers should plan and develop their sustainability report which is tailored for their respective organisation(s). Please note that at time of this publication, SGX is in the process of consulting on amendments to the sustainability reporting requirements. This report does not consider these additional requirements as they are yet to be finalised.**

# Sustainability Report 2021

For the financial year ended 31 December 2021

## Board Statement

The PwC Holdings Ltd Board of Directors has assigned responsibility for overseeing the company's sustainability initiatives to the Board's Committee on Directors and Corporate Governance. The Board has always been committed to sustainability and fully supports the adoption of the SGX sustainability reporting guidelines. Stakeholders have expressed approval and appreciation for the Group's transparency and accountability in this area.

Throughout the year, the Committee and company management reviewed the company's sustainability objectives, challenges, targets and progress. The PwC Holdings Ltd Board of Directors receives frequent reports from management about the company's sustainability initiatives and financial reporting and economic performance. Climate-related risks and opportunities are carefully considered when implementing all aspects of strategy, from annual budgets to management KPIs. These issues are the subject of active discussion at Board meetings and Board committee meetings.

The 2021 Sustainability Report is our 5th sustainability report, and continues to reflect the Group's performance as well as the company's strategy and vision for the future. As a leading manufacturer and retailer of electrical components and furniture, we recognise that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of the business. We are committed to being transparent, candid and open about our business, and this report is a reflection of that commitment.

The Committee believes this document is a reasonable and clear presentation of the company's plans and of its environmental, social and financial performance. The Board has emphasised that management will continue to be evaluated by its success in executing the company's strategic plan to meet stakeholders' and the Board's expectations, including being agile in responding to changing circumstances while respecting the commitments in this report.

## Message from our CEO

At PwC Holdings Ltd, we have a pragmatic approach to sustainability. We focus on identifying and putting into practice initiatives and programmes that deliver real-world and lasting benefits under the three areas of our sustainability strategy. These areas – 'Maintaining a sustainable supply chain', 'Minimising our environmental footprint', 'Caring for our people' – apply to all that we do at PwC Holdings Ltd. They are fundamental to the way we approach our longer-term objectives.

Today, several of the global challenges the world faces directly or indirectly impact every industry. They include climate change, population growth, urbanisation and the shortage of natural resources and raw materials. Striving to reach our vision we will drive product and service development, advance our position and capture market share, while helping to change the world and enabling it to move in a more sustainable direction.

The importance of adopting a sustainability mind-set and integrating sustainability ongoing COVID-19 pandemic has been a stark reminder of the interconnectedness of the entire world. It has highlighted the importance of responsible consumption and the need for cohesive and considerate societal action.

Moving forward, it is imperative that companies protect their immediate and wider stakeholders by adopting protective and flexible systems, that they strive to reduce their negative externalities by relying on evidence-based best practice, and

SGX-ST  
Practice  
Note 7.6:  
4.1(v)

GRI  
disclosures:  
GRI 102-11  
GRI 102-14



# Sustainability Report 2021

For the financial year ended 31 December 2021

collaborate with governments, other industry players, and non-governmental organisations to make society more resilient and pro-active.

In FY21, PwC Holdings Ltd continued to adapt to the new normal brought on by the ongoing COVID-19 pandemic by protecting our human capital and improving our digital systems' resilience to adapt to a largely work-from-home workforce. Rotating our workforce necessitated greater efficiency and productivity for those employees on operation's sites, and we are pleased that our employees continue to step up to the plate.

We continue to learn from these lessons and implement greater flexibility for our staff, emphasising their physical and mental well-being and aiming for greater transparency through tumultuous times.

To support global collaborative efforts to a more sustainable world, we have begun mapping our sustainability strategy to the UN Sustainable Development Goals. The process involves mapping our strategy to the SDGs and their underlying targets. Incorporating the UN SDG targets into own reporting will increase comparability and facilitate discussions with the government and with industry players globally. We believe that aligning with the UN SDGs will help ensure we address the most pressing needs of the region we operate in, and of the world.

Beyond COVID-19, we continue to innovate to manufacture products that are both valuable to our customers and more sustainable. The intersection of sustainability and innovation includes improving our internal operations. New process innovations – like using combined heat and power for alternative energy – are reducing the environmental impact of our manufacturing facilities. On the manufacturing side, we are pleased to announce a new partnership with our valued customer, Xin Yeoh Ltd. In our new arrangement, we will be taking all of their used or damaged electrical components to recycle, demonstrating our producer responsibility to reduce hazardous waste output. Our target is to reduce our total product waste output by 20% by 2025.

It is clear that corporations have a responsibility to deliver the most responsible products, to solve global issues, and to protect and guide key stakeholders such as employees, customers and community. I believe our industry and PwC Holdings Ltd, in particular, can be a positive force for change, as well as an engine of economic growth and social development.

## Mr Ang Boon Chew

Chief Executive Officer

## About this Report

### Reporting period

This report, which is produced annually, covers the reporting period from 1 January 2021 to 31 December 2021 (Financial Year 2021, or FY21), unless otherwise stated. For selected performance indicators that have been historically tracked, we have included data from the past four years.

This is our fifth Sustainability Report and the seventh Communication on Progress since becoming a signatory to the United Nations Global Compact in September 2012. Our FY21 report was published on 1 March 2021.

A soft copy of the report can be downloaded on our website. Any queries or comments regarding our sustainability report can be addressed to

[sustainability@pwcholdings.sg.com](mailto:sustainability@pwcholdings.sg.com)

GRI  
disclosures:  
GRI 102-12  
GRI 102-48  
GRI 102-50  
GRI 102-51  
GRI 102-52  
GRI 102-53

# Sustainability Report 2021

For the financial year ended 31 December 2021

## Scope

This report covers the operations of PwC Holdings Ltd in Singapore, Philippines and China only as these operations generate the majority of revenue, and therefore the largest impact for the business. Any other omissions have been stated in the relevant sections.

GRI disclosures:  
GRI 102-4  
GRI 102-49

## Audience

This report is distributed to both internal and external stakeholders. They include employees, customers, industry groups, investors, governments, media and communities.

## Framework and assurance

This report has been prepared in accordance with the GRI Standards: Core option. We engaged PwC Right Service Pte. Ltd. to provide limited assurance over selected disclosures within the FY21 Sustainability Report. The assurance report can be found on our website.

GRI disclosures:  
GRI 102-4  
GRI 102-49

## Sustainability at PwC Holdings Ltd

At PwC Holdings Ltd, sustainability is at the heart of our business. As a major manufacturer and retailer, we are conscious of the impact we have in the countries we operate in. We engaged in extensive stakeholder consultations with our employees, customers, suppliers and regulatory bodies in 2015, seeking feedback from annual product surveys, staff engagement surveys and supplier feedback forms. We then developed a 5-year strategy that was launched at the start of 2018, which focused on deeply embedding sustainability in everything we do. Next year, we will conduct a refresher of our materiality assessment to launch the next 5-year strategy. Below are the results of our sustainability efforts in 2021 under our core strategic pillars:

	Minimising our environmental footprint	Caring for our people	Maintaining a sustainable supply chain
Commitment	We are committed to reducing our impact on the environment and managing our resources efficiently	We are committed to improving the well-being of our employees, customers and local communities	We are committed to ensuring our supply chain remains resilient and that our products are sourced ethically
Material aspects	<ul style="list-style-type: none"> <li>Product end-of-life</li> <li>Climate change</li> <li>Energy</li> <li>Emissions</li> <li>Waste management</li> <li>Water consumption and availability</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Employee satisfaction</li> <li>Employee training and development</li> <li>Employee health and safety</li> <li>Diversity and equal opportunity</li> <li>Public health and safety</li> <li>Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Responsible sourcing</li> <li>Innovation</li> <li>Government regulations</li> <li>Social/political movements</li> <li>Ethical labour</li> </ul>

# Sustainability Report 2021

For the financial year ended 31 December 2021

## Sustainability Governance

In 2015, PwC Holdings Ltd implemented a governance structure around corporate sustainability through the creation of an internal Sustainability Council. The Council consists of some of the top leaders and decision-makers from across the company and is sponsored by our CEO, Mr. Ang Boon Chew and Group Strategy Officer, Ms. Tan Chiew Ean.

GRI disclosures:  
GRI 102-18

The Council established the following goals and objectives:

- Ensure activities and decisions, including performance reporting align with our strategic plan and business objectives.
- Serve as champions of PwC Holdings' sustainability initiatives – seek opportunities to link sustainability with culture, values, business performance and material issues.
- Share work, best practices, and ideas to identify potential risks/opportunities and emerging issues/trends and collaborate in developing solutions and sustainability goals/objectives.
- Manage disclosure to achieve the right balance compatible with PwC Holdings' commitment to transparency, materiality and aligns with reporting guidelines.
- Accountability for accuracy of the information disclosed.

The Council also reflects our commitment to sustainability reporting, addressing stakeholder concerns by telling a balanced, accurate and complete story. In time, the aim should be to have the Council embedded in our business strategy, supporting our culture initiatives of strategic alignment and employee engagement, as well as, our continuous improvement efforts.

## Stakeholder engagement

Engaging with stakeholders informs our decision-making, strengthens our relationships, and helps us deliver on our commitments. In order to achieve these goals, we recognise that we must work in partnership with other interested stakeholders who share our commitment and have a stake in our business.

GRI disclosures:  
GRI 102-40  
GRI 102-42  
GRI 102-43  
GRI 102-44



Going beyond what we can achieve in our own operations and with our suppliers, we are stepping up our engagement to work with governments, NGOs and others in our industry on these issues. We actively engage with governments, regulators, customers, suppliers, investors, and individual concerned citizens to create an environment that is supportive of solutions.

We identified our stakeholder groups following a stakeholder mapping exercise, done in accordance with the AA1000 Stakeholder Engagement Standard. Using a structured approach, stakeholders were mapped based on their level of influence and interest.

Taking care to match the appropriate communication channel with each group, PwC Holdings Ltd carefully considers each piece of feedback from stakeholders, and makes every effort to incorporate feedback in the company's future corporate policies and actions. In order to facilitate effective communication with stakeholders, we have created a specialised communications department for various stakeholder groups. Each of these departments holds forums on a regular basis, responds to inquiries, conducts surveys and runs advisory groups for its particular group of stakeholders.







In 2021 we continued to engage our key stakeholders through surveys and interviews, and have incorporated their feedback as follows.

	Major issues	Stakeholder feedback incorporated
<b>Shareholders/ investors</b> 	Ensuring compliance	<ul style="list-style-type: none"> <li>• Launch of a team tasked with monitoring suppliers' compliance with labour laws</li> <li>• Expansion of due diligence concerning suppliers</li> <li>• Supplier training</li> </ul>
	Environmental policy	<ul style="list-style-type: none"> <li>• Establishment of a water resource management policy</li> <li>• Assessment of water resource risks at facilities</li> <li>• Adoption of water resource reduction technologies</li> </ul>
<b>Employees</b> 	Workplace environment improvements	<ul style="list-style-type: none"> <li>• Assuring suitable work hours; work leave sessions providing education on the necessity of employee vacation days</li> </ul>
	Production facility conditions	<ul style="list-style-type: none"> <li>• Assurance of labour rights at production facilities</li> <li>• Strengthening of workplace safety teams that improve HSE Management particularly in light of COVID-19</li> </ul>

# Sustainability Report 2021

For the financial year ended 31 December 2021

<b>NGO</b> 	Supplier labour rights	<ul style="list-style-type: none"> <li>• Distribution of procedure for banning the hiring of underage employees</li> <li>• Routine monitoring for compliance</li> <li>• Regular supplier audits</li> </ul>
	Environmental policy	<ul style="list-style-type: none"> <li>• Establishment of a biodiversity policy</li> <li>• Appraisal of water resource-related risks and mitigation system adoption</li> <li>• Measuring of GHG emission reduction</li> <li>• Banning harmful materials in products</li> </ul>
<b>Government</b> 	Shared growth	<ul style="list-style-type: none"> <li>• Expansion of shared growth policy with major suppliers</li> <li>• Support system for supplier recruitment</li> <li>• Development of 'small but strong' support programme</li> </ul>
	Strengthening workplace safety	<ul style="list-style-type: none"> <li>• Strengthening of teams in charge of workplace safety management</li> <li>• Strengthening of process improvement and diagnosis</li> </ul>
<b>Local communities</b> 	Ethical facility management	<ul style="list-style-type: none"> <li>• Establishment of collaboration councils in production communities</li> <li>• Improvement of chemical emissions/wastewater discharge</li> </ul>
	Contributions to local communities	<ul style="list-style-type: none"> <li>• Expansion of the Hope for Children programme</li> <li>• Increase in corporate social contribution investment</li> <li>• Skills-based training for local communities</li> </ul>
<b>Partners</b> 	Fair pricing	<ul style="list-style-type: none"> <li>• Purchase of raw materials for our suppliers to help manage material prices</li> </ul>
	Assistance of suppliers' recruitment	<ul style="list-style-type: none"> <li>• Holding job expos to help suppliers hire employees</li> </ul>

## Materiality

We recognise that material issues can directly or indirectly impact our ability to create long-term value for its customers, employees, investors and society at large. Sustainability considers a broader scope of action and issues in determining what is material compared with the origins of materiality in the auditing and accounting processes of financial reporting.

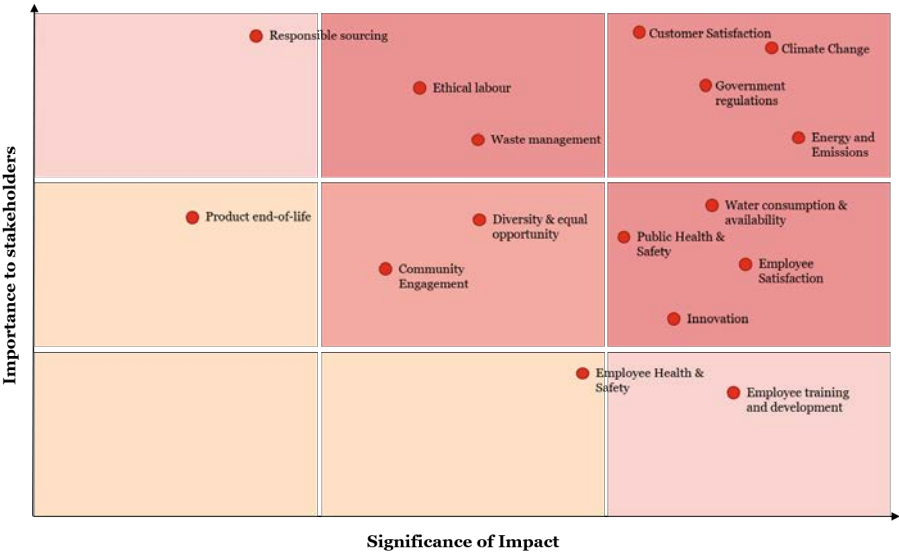
PwC Holdings views material issues to be those that have affected, or are reasonably likely to affect, the company's reputation, supply chain, credit standing, capital resources or operational results. These issues also account for concerns and interest of our many stakeholders.

As part of our sustainability programme, we conducted a detailed materiality assessment in 2015 during which we identified 18 material issues for PwC Holdings. We conduct an annual refresh, checking the relevance of our material issues through discussions with our Sustainability Council, meetings and discussions with our stakeholders and by reviewing the company's risk reports to seek alignment. Principles such as the UN Sustainable Development Goals and the 10 Principles of the UN Global Compact are kept top-of-mind while determining material topics.

Some issues have risen to the top and others have decreased in priority. As regulatory emphasis on climate risk has increased, our FY21 annual refresh saw that Climate Change and Energy and Emissions have risen in importance to our stakeholders.

GRI disclosures:  
GRI 102-46  
GRI 102-47

**Materiality Matrix**



**Guideline 2**

For each strategic sustainability pillar, the company should report on their performance, policies and initiatives for each relevant material aspect (according to the GRI Standards).

For the purposes of this sample report, we have chosen only one material aspect from each sustainability pillar to highlight how it can be reported.

The company should also use the opportunity to explain why the topic is material, both internally and externally.

**Minimising our environmental footprint**

Material Topic	GRI Standard	Disclosure
Emissions	Emissions	Direct (Scope 1) GHG emissions Direct (Scope 1) GHG emissions Other indirect (Scope 3) GHG emissions

**Our commitment**

The actions we take in next decade will be crucial in preventing irreversible damage to the planet due to climate change. PwC Holdings Ltd. is committed to playing its part, both for people today and for future generations. Managing our environmental impacts at our own sites that span across five countries, and along our supply chain, where our products are designed, created, manufactured, transported and sold, is a key focus of our work.

GRI disclosures:  
GRI 103-1  
GRI 103-2  
GRI 103-3  
GRI 305-1  
GRI 305-2  
GRI 305-3

Building on several environmental initiatives over the past years, we developed a coherent Environmental Strategy for PwC Holdings Ltd, which aims to reduce our relative environmental footprint by 15% by 2022 from the baseline year of 2018. The strategy follows a clear vision and mission and sets annual milestones which will enable the achievement of the 2022 targets. These targets cover our whole supply chain from product creation to sourcing and manufacturing and from our own operations to our stores and all other sales points. Our approach is to manage environmental issues as an integral part of our daily operations, positively contributing to the Group's overall business performance. To ensure we integrate environmental considerations into our daily operations, we have a Group Environmental Policy that specifies the principles that steer us in embedding environmental best-practice on a day-to-day basis.

**Our initiatives**

Greenhouse gas emissions and pollution from manufacturing can have major environmental impacts. Thus, we partner with our suppliers to implement programmes to reduce their carbon footprint.

SGX-ST Practice  
Note 7.6.4.1(ii)

We engaged an energy audit consultant to monitor our energy consumption across our multiple sites and our offices. This monitoring took place over several months and concluded with recommendations on how we can eliminate unnecessary energy wastage and improve overall efficiency. For example, we have now replaced outdated or inefficient heating, cooling, and lighting systems, repaired compressed air leaks, and recovered and redirected waste heat. These initiatives alone helped reduce our carbon emissions by more than 11,200 metric tons.

In addition to making facilities energy efficient, we explore ways to power them using cleaner and renewable sources. Our Clean Energy Programme launched in 2016 to reduce carbon emissions across our supply chain continues to be a huge success. Over the past year, we worked with our suppliers in the Philippines and in China to install more than 1,000 megawatts of clean energy through solar panels and wind turbines, and aim to replicate this success across another five sites next year.

# Sustainability Report 2021

For the financial year ended 31 December 2021

For the emissions that we have been unable to abate thus far, we have joined a Carbon Neutral Programme that enables us to purchase off-sets in renewable energy generation projects. We have currently purchased off-sets in a bio-waste energy generation facility in Vietnam to off-set the emissions of our Singapore offices and our shipping and travel-related 3 emissions.

In our offices and retail outlets, we encourage employees to reduce energy consumption by switching off their computers at the end of the day. Motion sensor lights and phased lighting also support our energy reduction goals. We have Environmental officers in each department to identify ways to reduce our carbon footprint and help to implement initiatives across the company.

We are committed to continuously improving the quality of our reporting. As a part of this commitment, we have expanded our Scope 3 reporting to additional categories this year. We are also pleased to announce that we have achieved an A- score in CDP 2020, which is the highest score achieved by a manufacturing and retailing company in Singapore this year, and is awarded based on sustainability disclosure, awareness, management and leadership.

## Targets and performance

We are pleased to be on track to meet our 5-year target of decreasing our emissions by 15% from the baseline year of FY18. FY21 emissions are 13% below FY18 emissions, and our emissions reduction are forecasted to reach 15% by FY22. We have also achieved carbon neutrality in Singapore thanks to the purchase of carbon offsets.

This year, we have focused our efforts on risk assessment and baselining of emission targets. We have committed to setting a science-based targets, and will be developing our targets and submitting them to SBTi for validation within the next two years.

FY21 saw a 3% increase from FY20 in Scope 1 and Scope 2 emissions, and a 7% overall increase from FY20 in total emissions. This is largely attributable to increased business activity as employees return to workplaces after the COVID-19 quarantine. We will continue to work hard to implement initiatives to reduce our emissions by 15% by FY22.

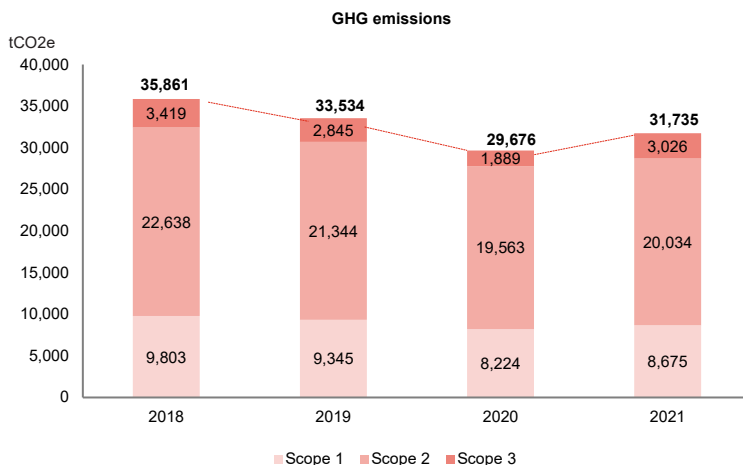
SGX-ST  
Practice  
Note 7.6:  
4.1(ii), 4.1(iii)



# Sustainability Report 2021

For the financial year ended 31 December 2021

	FY21				FY20			
	Singapore	China	Philippines	Total	Singapore	China	Philippines	Total
<b>Total (tCO<sub>2</sub>e)</b>	<b>10,028</b>	<b>12,004</b>	<b>9,703</b>	<b>31,735</b>	<b>9,365</b>	<b>11,194</b>	<b>9,117</b>	<b>29,676</b>
Scope 1 Emissions <sup>1</sup>	2,013	2,764	3,898	8,675	1,983	2,584	3,657	8,224
Scope 2 Emissions <sup>2</sup>	7,124	7,687	5,223	20,034	6,845	7,583	5,135	19,563
Scope 3 Emissions	891	1,553	582	3,026	537	1,027	325	1,889
Category 1: Purchased goods and services <sup>3</sup>	323	356	124	803	343	375	113	831
Category 6: Business Travel <sup>4</sup>	234	623	134	991	23	324	-	347
Category 7: Employee Commute <sup>5</sup>	334	574	324	1,232	171	328	212	711



<sup>1</sup> Scope 1 emissions include direct carbon emissions from stationary combustion, mobile combustion, and IPPU. It is converted to CO<sub>2</sub> equivalent using emission factors from the following source: GHG Protocol.

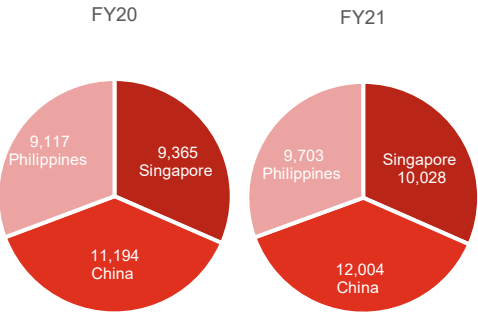
<sup>2</sup> Scope 2 emissions include purchased electricity. It is converted to CO<sub>2</sub> equivalent using emission factors from the following sources: EMA, IGES.

<sup>3</sup> Scope 3 Category 1 emissions include emissions from outsourced data centres. It is converted to CO<sub>2</sub> equivalent using emission factors from the following sources: European Environment Agency, IGES.

<sup>4</sup> Scope 3 Category 6 emissions include emissions from employee air travel, road travel and rail travel. Emission factors for air travel include Radiative Forcing. It is converted to CO<sub>2</sub> equivalent using emission factors from the following source: DEFRA UK.

<sup>5</sup> Scope 3 Category 7 emissions include emissions from employee commute by private vehicle, public transportation. An estimate was formed by conducting an employee survey on daily commute habits and average distance. It is converted to CO<sub>2</sub> equivalent using emission factors from the following source: DEFRA UK.

GHG emissions in tCO2e (total of scope 1, 2, & 3) by region



	FY21 target	FY21 Performance	Remarks	FY22 target
GHG emissions	Decrease by 2%	Increase by 1%	Increase in GHG Emissions from 2020 is due to increased business activity and travel from gradual re-opening from COVID-19 shut-downs.	Decrease by 15% from FY18

### Managing Climate Risk

In line with TCFD recommendations, we integrate climate risk into our organization's risk management framework. Climate risk is split into two broad categories: physical risk (the impact of extreme weather threats brought on by climate change), and transitional risk (the impact of existing and emerging regulatory requirements related to climate change).

The risk assessment is updated on a yearly or continuous basis. Short-term risks are flagged out to senior management, who will convene to discuss urgent mitigation or damage control. Medium and long-term risks will be escalated to the board of directors during annual presentations, where they will take these risks into considering when guiding the company's broader strategy.

### Physical Risk

In 2021, we worked with top climate consultants to roll out a preliminary risk assessment on our revenue streams under two scenarios (1.5 degree and 4 degree). The risk assessment will be updated every year with input from our consultants, utilising advanced data analytics to develop detailed scenario models.

The following key physical risks across the short, medium and long term were identified:

# Sustainability Report 2021

For the financial year ended 31 December 2021

1. Flash floods near several of our major retail centres negatively impacted our operations this year, as well as threatened the livelihoods of our employees in that region. This is identified as a short-term risk.
2. We anticipate a gradual rise in interruptions in our shipping and logistics lines due to increased extreme weather events and unpredictable hurricane seasons. This is identified as a medium-term risk.
3. Our warehouses and physical assets in various coastal locations are at risk from water damage as sea levels rise. This is identified as a long-term risk.

We are working with local authorities to mitigate damage from the flash floods that have occurred this year, and ensuring that affected employees have access to healthcare and support. Regarding risk from weather events and sea level rise, we are considering moving fixed assets to lower-risk inland areas, and continue to monitor shipping routes to ensure the highest degree of safety.

## Transition Risk

Our Sustainability task-force continuously monitors regulatory changes in all geographic regions that affect our operations, and keep abreast of current affairs that may impact regulations.

The following key transitional risks across the short, medium and long term were identified:

1. Increase in energy pricing in China may increase costs for our suppliers, leading to higher raw material costs for our furniture and electronic equipment revenue streams. This is identified as a short-term risk.
2. Tightening of environmental regulations around chemicals used in electronics, particularly SF6, which is used as an electrical insulator. This is identified as a medium-term risk.
3. Increase in carbon tax in different jurisdictions that affect our operations, leading to increased overall costs. This is identified as a long-term risk.

In order to mitigate these risks, we are exploring options to diversify our supply lines, and are investing in clean alternatives to SF6. Decarbonisation is embedded in our long-term business strategy.

## Caring for our people

Material Topic	GRI Standard	Disclosure
Employee Satisfaction	Training and education	<p>Programmes for upgrading employee skills and transition assistance programmes</p> <p>Employee satisfaction score (non-GRI)</p>

# Sustainability Report 2021

For the financial year ended 31 December 2021

## Our commitment

At PwC Holdings Ltd, our employees are the drivers of our success. As we continue to witness surging demand for our products and services, we rely ever more heavily on the skills and talents of our dedicated workforce. We are committed to growing with our people and making the company a great workplace that supports professional and personal development, offers a variety of career opportunities and creates high performance and collaborative teams.

GRI disclosures:  
GRI 103-1  
GRI 103-2  
GRI 103-3  
GRI 404-2

With the ongoing COVID-19 pandemic, it has been more crucial than ever before that we protect and engage with our employees to ensure their continued well-being and security of their livelihoods. For our business to survive this difficult time, we have had to rely on our employees and show them trust through increased transparency and frequent engagement.

## Our initiatives

We invest in providing the best working environment for our employees. Recognition and appreciation of our employees is a core part of this. Our Employee Recognition Programme allows all employees to recognise their teammates for demonstrating one or more of our corporate value behaviours with a recognition card.

SGX-ST  
Practice  
Note 7.6: 4.1(ii)

We also have an annual Innovation Awards to recognise and reward teams that implemented innovative measures that significantly achieved improved results for our business. Many of our divisions and teams also hold their own award ceremonies to recognise excellence, and this has helped to encourage a high- performance culture.

PwC Holdings Ltd promotes a healthy lifestyle and provides various virtual group exercise classes that improved employee connectivity and maintained good health. All employees receive health insurance cover which provides free annual health screening that helps to identify any problems early on. To support employees during the challenges of COVID-19, we provide free access to a 24-hour mental health helpline, and continue to offer an additional flexi-allowance that can be used for fitness equipment.

We also encourage our employees to continually build on their existing skills and knowledge and invest heavily in our learning and development programme for employees. These include courses on leadership, management and technical competencies relevant to each employee. We also offer a tuition reimbursement programme for employees seeking to further educate or advance themselves through formal programmes relating to their current or prospective jobs. Additionally, for our older employees, we provide digital training programmes to ensure they continue to upskill and stay up-to-date with changing work practices, especially in the new normal of work-from-home and virtual meetings.

## Targets and performance

Each year, we engage all our 2,500 employees to participate in an Employee Survey to gain insight into employees' overall satisfaction with the company, their jobs and other aspects of their workplace experience. We encourage our employees to provide candid feedback, and we benchmark results and participation externally. Results of the Employee Survey are incorporated into our business planning review processes. Improving Employee survey scores is an annual performance objective for many of our senior managers.

SGX-ST  
Practice  
Note 7.6:  
4.1(ii),  
4.1(iii)

In 2021, PwC Holdings continued to receive positive feedback from employees who took part in the Employee Survey. 81% of our employees across our operations participated in the survey, which included a total of 30 multiple-choice questions across 10 dimensions of workplace life, including training and development, diversity

# Sustainability Report 2021

For the financial year ended 31 December 2021

and workplace safety practices, among others. 9 out of 10 dimensions showed improvement over the previous year, with the availability of overseas secondment opportunities being the only dimension with a 2% decrease in rating. We are thus exploring additional opportunities for virtual secondments to increase employees' exposure to our colleagues in different countries, and an increase in physical secondments once travel restrictions are lifted.

We make sure we communicate the results of the survey to employees and inform them of the actions we are taking to incorporate their feedback. It is essential that our employees know they are valued and that their feedback is important to us.

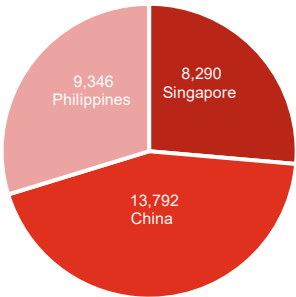
The Employee Satisfaction Index (ESI) section of the survey, which asks employees questions such as whether they feel valued at work and whether they believe they are rewarded for job performance, increased 1 percentage point from 2017, a statistically significant increase.

Employees were most satisfied about company mindset, quality work practices and training. 89% of these employees said the company's values concerning quality have been communicated clearly to them, and 78% responded favourably that the people they work with cooperate to get the job done and that they receive the training needed to do a quality job.

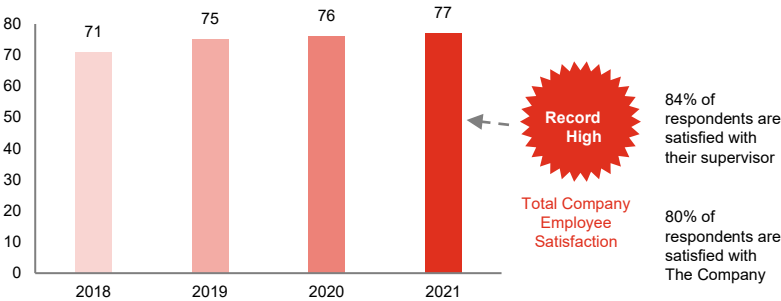
Next year, we aim to increase employee participation in the survey by 2% and hope to address employee concerns to achieve a 1% increase in ESI.

	FY21 Target	FY21 Performance	Remarks	FY22 Target
Employee Satisfaction Index	Increase ESI by 1%	Target met	Improvement noted in 9 out of 10 dimensions of the survey	Increase in employees partaking in the survey by 2%. Increase ESI by 3%.

Respondents by region



What are employees saying?



Moving forward, we will continue to provide the best working environment we can for our employees and aim to improve our Employee Survey results by acting on our lowest performing areas as rated by our employees

**Guideline 3**

If a company chooses to report in accordance with the GRI Standards, it is mandatory to include a GRI content index at the back of the report (or on the company's website). The GRI content index should list all the indicators for the chosen option (i.e. core or comprehensive) and inform the reader of whether the indicator has been fully reported on and where the information can be found. If an indicator has only been partially reported or not reported on at all, then the company must provide an explanation for omitting the information and when they intend to report on the indicator. The index table should also indicate the year of the GRI indicator, as some of the indicators were updated in 2018, while most were last updated in 2016.

# Sustainability Report 2021

For the financial year ended 31 December 2021

For the purpose of this illustrative report, we have only included the GRI content index for the generic indicators for the GRI Standards: Core option.

## Maintaining a sustainable supply chain

Material Topic	GRI Standard	Disclosure
Responsible Sourcing	Supplier Social Assessment	New suppliers that were screened using social criteria
	Supplier Environmental Assessment	New suppliers that were screened using environmental criteria

## Our commitment

“PwC Holdings Ltd has over 1,200 suppliers that supply goods and services across our operations in five countries. First, because we manage multi-million-dollar contracts and engage multiple service providers for our operations and projects, our own reputation as a business is always a top priority. Second, size translates into influence. By ensuring our suppliers comply with best practice and adhere to our Supplier Code of Conduct, we aim to raise the standard in the marketplace, making it more equitable and sustainable.

GRI disclosures:  
GRI 103-1  
GRI 103-2  
GRI 103-3  
GRI 102-9  
GRI 102-16  
GRI 408-1  
GRI 409-1

## Our initiatives

Our Supplier Code of Conduct details the standards that we expect our suppliers to meet regardless of local laws, company policies, cultural norms, and business practices around the world. Every contract factory and supplier in our supply chain are expected to adhere to the minimum standards set out in the Code of Conduct, which include labour and environmental practices. With regards to ethical labour, we have a zero tolerance for forced labour or underage labour.

SGX-ST Practice  
Note 7.6: 4.1(ii)

We revise our Code every two years to align with pertinent emerging legislation, best practice and stakeholder expectations. This year we included a new section on Migrant Labour to ensure that migrant workers are treated in accordance with the same standards that apply to other workers. Under ‘Voluntary Labour/Forced Labour’, criteria were added governing employment through private agencies and prohibiting the collection of fees from workers. This is an important provision, as workers hired through third-party agencies that charge excessive placement fees are generally vulnerable to forced labour, debt bondage and poor working conditions.

## How we work with our suppliers

We regularly audit our suppliers to ensure compliance with our Code of Conduct and other local legal requirements. In addition to highlighting violations of our code, audits also raise supplier awareness of the issues and enable us to target improvements. We use qualified auditors from independent 3rd party auditing firms to carry out our onsite auditing programmes. We use a risk-based approach to decide which suppliers to audit. We consider issues like the social, environmental,

# Sustainability Report 2021

For the financial year ended 31 December 2021

health and safety, and business risks of a facility. Then we prioritise audits based on geographic risk, commodity risk, planned spending, and previous audit performance.

When we identify issues during an on-site audit, our process requires the supplier to develop an effective corrective action plan that addresses the root cause of the issue. The plan must specify a timely schedule for implementation – our guidelines on timing depend on the severity of the issue. We then schedule a closure verification audit within 6 to 12 months of the initial audit to verify closure of the findings identified. Working with suppliers to improve labour and environmental conditions is crucial to our programme. In most cases, if a supplier does not meet corrective action deadlines or develop appropriate corrective action plans, we apply an escalating series of enforcement penalties.

When suppliers require extra support to comply with the Code of Conduct, we send our team of experts as part of our partnership programme. We tailor our approach to help the facility improve through refining business practices and management systems relating to labour, human rights, environment, health and safety. By working with our suppliers instead of only policing them, we have improved their compliance significantly.

## Targets and performance

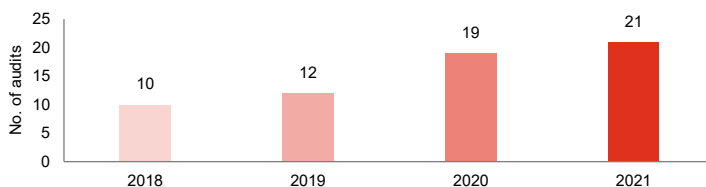
This year, we exceeded our performance targets and conducted more audits than our FY21 target. In 2021, we conducted 21 on-site audits of our suppliers, and found that the most common issue relates to working hours. To help address this, we initiated a project in partnership with select suppliers to bring them together with 3rd party advisors who analyse the root cause of this. Based on the initial analysis, the advisors identify and help to implement opportunities that will increase efficiency, reduce working hours, and maintain/increase worker satisfaction, which leads to reduced turnover. We did not find any incidences of forced or underage labour.

In addition, we also introduced a new supplier assessment matrix in 2019. In FY21, we expanded on this matrix. All our suppliers were asked to disclose to us their current performance based on the same ESG factors that we have adopted by completing the supplier assessment matrix. Suppliers were also allowed to disclose current/planned measures they were taking to improve their performance in the coming years. Suppliers that did not meet a minimum threshold based on our own internally developed scoring system were dropped off our approved supplier list. All new suppliers would also have to complete and pass the supplier assessment matrix prior to approval, and all existing suppliers will be re-evaluated on an annual basis. Two suppliers were dropped off our approved supplier list.

Our long-term goal for 2030 is to source all our goods and services from suppliers that meet our definition of sustainable. Specifically, under the principles of ethical labour, we want to create the opportunity for factory workers to share in productivity gains and establish partnerships to support the needs of factory workers in their professional and personal lives.

SGX-ST  
Practice  
Note 7.6:  
4.1(ii), 4.1(iii)





	FY21 target	FY21 performance	Remarks	FY22 target
No. of annual audits	23	Target exceeded – 23 audits conducted	Two suppliers have been identified to have poor labour practices – we have since removed them from our approved vendor list.	25
No. of unannounced audits	7	Target met – 7 audits conducted	No issues noted.	10



## Sustainable Development Goals

The UN's Sustainable Development Goals (SDG) are a blueprint towards a sustainable future, addressing global challenges related to poverty, inequality, climate change, environmental degradation, and more. Organisations that make progress towards the SDGs improve their resource productivity and create value for their customers, employees, and society at large. PwC Holdings Ltd is committed to implementing the SDGs throughout our value chain.

SDG	SDG Target	Material Topic	Initiative
SDG 3: Good Health and Well-Being	3.4. Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	Employee Health & Safety	We promote a healthy lifestyle for our employees, and provide an on-site fitness centre with free group exercise classes and subsidised membership to sponsored fitness clubs, or a healthy living reimbursement for club memberships
SDG 6: Clean Water and Sanitation	6.4. Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Water Consumption & Availability	We have established a water resource management policy, and adopted water resource reduction technologies to better manage the water efficiency at our facilities.
SDG 7: Affordable and Clean Energy	7.2. Increase substantially the share of renewable energy in the global energy mix	Climate Change	We launched our Clean Energy Programme in 2016. Over the past year, we have installed more than 1,000 megawatts of clean energy through solar panels and wind turbines.

# Sustainability Report 2021

For the financial year ended 31 December 2021

<b>SDG 8: Decent Work and Economic Growth</b>  <b>SDG 12: Responsible Consumption and Production</b>		8.5. Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Community Engagement	We provide skills-based training for local communities, and hold job expos to help suppliers hire employees
		12.2. Achieve the sustainable management and efficient use of natural resources	Responsible Sourcing	We have established a Code of Conduct for our contract factories and suppliers to ensure they meet the minimum standards of labour and environmental practices.

## Task Force on Climate-related Financial Disclosures

The Taskforce for Climate-related Financial Disclosures (TCFD) are voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders. This increases confidence in the company's risk management, meets investors' growing demand for climate-related information, and promotes long-term strategic planning. PwC Holdings Ltd is fully committed to adopting the Task Force's recommendations, in order to help our stakeholders understand our climate-related risks and opportunities in a transparent manner.

TCFD Recommended Disclosure	Description
<b>Governance</b>	
a. Describe the organisation's governance around climate-related risks and opportunities	The Board's Committee on Directors and Corporate Governance fully supports the adoption of SGX sustainability reporting guidelines. They oversee the overall climate-related direction of the company, and conduct an annual evaluation of the company's performance in regards to ESG metrics.
b. Describe management's role in assessing and managing climate-related risks and opportunities	Senior management works closely with the Committee on the company's sustainability objectives, challenges, targets and progress. Climate-related risk is embedded into management's risk framework, and is a consideration in all decision-making.
<b>Strategy</b>	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Through scenario analysis and data analytics, we have identified a number of key physical and transitional risks in the short, medium and long-term that have the potential to affect our operations.  Please refer to "Managing Climate Risk" for further detail.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate-risk related risks and opportunities are deeply embedded in the organization's decision-making at all levels. For example, any major investment or possible expansion is evaluated for climate risks as part of the due diligence process.

# Sustainability Report 2021

For the financial year ended 31 December 2021

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The findings from our scenario analysis have helped shape our strategy in order to ensure our organization remains resilient in the face of change. For example, we are actively exploring clean alternatives to SF6, a chemical commonly used in electronics, which has negative environmental consequences and is likely to be subject to tightened regulation in the near future.
<b>Risk Management</b>	
a) Describe the organization's processes for identifying and assessing climate-related risks.	In 2021, we engaged external consultants to perform a physical risk assessment on the organization's revenue streams under 1.5 degree and 3 degree scenarios. In addition, our Sustainability task-force continuously monitors all current events and regulatory updates in the geographic regions where our operations are active in order to safeguard against transitional risk.
b) Describe the organization's processes for managing climate-related risks.	<p>We closely monitor all potential risk areas through in-depth scenario analysis. Short-term risks are addressed by regional management, who take immediate steps to mitigate potential damage. Medium and long-term risks are discussed with the Board when shaping the direction of the company's strategy.</p> <p>We are developing a long-term decarbonisation strategy to address climate-related risk. Please refer to "Minimising our environmental footprint" for further detail on our environmental initiatives.</p>
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	We integrate climate risk into our organization's risk management framework across all business units and geographies. ESG-related risks and opportunities are considered in all major decisions, from creating new product lines to expanding to new geographies.
<b>Metrics &amp; Targets</b>	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	The key metrics and targets we have set relate to our Scope 1, 2 and 3 GHG emissions.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>We are expanding our reporting scope to include more Scope 3 categories.</p> <p>Please refer to "Minimising our Environmental Footprint - Targets and Performance" in the Sustainability Report for further details on our Scope 1, 2, and 3 emissions.</p>
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have committed to science base targets and are looking to validate our Scope 1, 2 and 3 targets by FY23. We are also on track to meet our organisational target to reduce our relative environmental footprint by 15% by 2022 from the baseline year of 2018.

**Sustainability Report 2021**

For the financial year ended 31 December 2021

**GRI Content Index**

	Disclosure requirements	Reported? (Y/N)	Location
102-1	Name of the organisation	Y	Front cover
102-2	Activities, brands, products, and services	Y	Annual report
102-3	Location of headquarters	Y	Annual report
102-4	Location of operations	Y	About this report
102-5	Ownership and legal form	Y	Annual report
102-6	Markets served	Y	Annual report
102-7	Scale of the organisation	Y	Annual report
102-8	Information on employees and other workers	Y	Caring for our people
102-9	Supply chain	Y	Maintaining a sustainable supply chain
102-10	Significant changes to the organisation and its supply chain	Y	Annual report
102-11	Precautionary Principle or approach	Y	Message from our CEO
102-12	External initiatives	Y	About this report
102-13	Membership of associations	Y	Annual report
102-14	Statement from the most senior decision-maker	Y	Message from our CEO
102-16	Values, principles, standards, and norms of behaviour	Y	Maintaining a sustainable supply chain, Minimising our environmental footprint, Caring for our people
102-18	Governance structure	Y	Sustainability at PwC Holdings Ltd
102-40	List of stakeholder groups	Y	Sustainability at PwC Holdings Ltd
102-41	Collective bargaining agreements	N	PwC does not have collective bargaining agreements
102-42	Identifying and selecting stakeholders	Y	Sustainability at PwC Holdings Ltd
102-43	Approach to stakeholder engagement	Y	Sustainability at PwC Holdings Ltd
102-44	Key topics and concerns raised	Y	Sustainability at PwC Holdings Ltd
102-45	Entities included in the consolidated financial statements	Y	Annual report
102-46	Defining report content and topic boundaries	Y	Sustainability at PwC Holdings Ltd
102-47	List of material topics	Y	Sustainability at PwC Holdings Ltd
102-48	Restatements of information	Y	About this report
102-49	Changes in reporting	Y	About this report
102-50	Reporting period	Y	About this report
102-51	Date of most recent report	Y	About this report
102-52	Reporting cycle	Y	About this report
102-53	Contact point for questions regarding the report	Y	About this report
102-54	Claims of reporting in accordance with the GRI Standards	Y	About this report
102-55	GRI content index	Y	GRI Content Index
102-56	External assurance	Y	About this report

# Sustainability Report 2021

For the financial year ended 31 December 2021

	Disclosure requirements	Location
<b>Specific Disclosures</b>		
<b>GRI Standard: Emissions (2016)</b>		
103-1/2/3	Management Approach	Minimising our environmental footprint
305-1	Direct (Scope 1) GHG emissions	Minimising our environmental footprint
305-2	Energy indirect (Scope 2) GHG emissions	Minimising our environmental footprint
305-3	Other indirect (Scope 3) GHG emissions	Minimising our environmental footprint
<b>GRI Standard: Supplier Environmental Assessment (2016)</b>		
103-1/2/3	Management Approach	Maintaining a sustainable supply chain
308-1	New suppliers that were screened using environmental criteria	Maintaining a sustainable supply chain
<b>GRI Standard: Training and Education (2016)</b>		
103-1/2/3	Management Approach	Caring for our people
404-2	Programmes for upgrading employee skills and transition assistance programmes	Caring for our people
<b>GRI Standard: Supplier Social Assessment (2016)</b>		
103-1/2/3	Management Approach	Maintaining a sustainable supply chain
414-1	New suppliers that were screened using social criteria	Maintaining a sustainable supply chain

## External Assurance

We have engaged PwC Right Service Pte. Ltd. to undertake an assurance of selected sustainability information in our report. This was performed in accordance with the Singapore Standard on Assurance Engagements (SSAE) 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The Independent Practitioner's Limited Assurance Report has not been illustrated in this publication.

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# Statutory Report

Directors' Statement

Independent Auditor's Report





## Directors' Statement

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

CA 201(16)

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 105 to 404 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements<sup>1</sup>; and
- (b) 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.

Section 1,  
Twelfth  
Schedule

### Directors

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

Section 7,  
Twelfth  
Schedule

Mr Tan Cheng Eng

Mr David Grey

Mr Ang Boon Chew

Mr Michael Philip White

Mr Balachandran Nair

Madam Wan Oon Kee

Mr Lee Chee Wai

Dr Ran Jedwin Gervasio

(appointed on 27 February 2021)<sup>2</sup>

Dr James Lee Jie

(appointed on 10 February 2022)<sup>2</sup>

### Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than as disclosed under "Share options" in this statement.

Section 8,  
Twelfth  
Schedule  
CA 164(1)(d)

**Directors' Statement**

For the financial year ended 31 December 2021

**Directors' interests in shares or debentures<sup>3</sup>**

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations<sup>5</sup>, except as follows:

Section 9,  
Twelfth  
Schedule  
CA 164(1)(a,b)

	Holdings registered in <u>name of director</u>		Holdings in which a director is deemed to have an interest	
	At	At 1.1.2021 or date of appointment, if later	At	At 1.1.2021 or date of appointment, if later
	<u>31.12.2021</u>	<u>if later</u>	<u>31.12.2021</u>	<u>if later</u>
<b>Ultimate holding corporation – PwC Global Limited</b> <u>(No. of ordinary shares)</u>				
Mr David Grey	<b>1,270,000</b>	500,000	<b>1,500,000</b>	1,000,000
Mr Ang Boon Chew	<b>97,000</b>	65,000	-	-
Mr Lee Chee Wai	<b>2,000</b>	1,000	-	-
Mr Andrew Llyod (resigned on 5 January 2022) <sup>5</sup>	<b>200,000</b>	200,000	-	-

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the PwC Employee Share Option Scheme as set out below and under "Share Options" below

CA 164(1)(c)

	<u>No. of unissued ordinary shares under option</u>	
	<u>At</u>	<u>At 1.1.2021 or date of</u>
	<u>31.12.2021</u>	<u>appointment, if later</u>
<u>Mr Ang Boon Chew</u>		
2018 Options	<b>50,000</b>	50,000
2019 Options	<b>50,000</b>	50,000
2021 Options	<b>50,000</b>	-

# Directors' Statement

For the financial year ended 31 December 2021

## Directors' interests in shares or debentures<sup>3</sup> (continued)

- (c) Mr David Grey, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

CA 7(4A)

	At <b>31.12.2021</b>	At 1.1.2021 or date of appointment, if later
<b>PwC Components (China) Pte Ltd</b>		
– No. of ordinary shares	<b>2,000,000</b>	-
<b>PwC Components (Singapore) Pte Ltd</b>		
– No. of ordinary shares	<b>1,300,000</b>	1,300,000
<b>PwC Components (Philippines) Pte Ltd</b>		
– No. of ordinary shares	<b>700,000</b>	700,000
<b>PwC Furniture (PRC) Pte Ltd</b>		
– Registered and issued share capital	<b>RMB 8,500,000</b>	RMB 8,500,000

- (d) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

SGX 1207(7)

## Share options

- (a) PwC Employee Share Option Scheme<sup>5</sup>

Section 2,  
Twelfth  
Schedule

The PwC Employee Share Option Scheme (the "Scheme") for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 6 December 2015. The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group.

Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to key management personnel and employees with more than three years of service with the Group. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. No options are granted at a discount to the prevailing market price of the shares. The vesting of the options is conditional on the key management personnel or employees completing another two years of service to the Group and the Group achieving its targets of profitability and sales growth. Once the options are vested, they are exercisable for a period of four years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

Section 2,  
Twelfth  
Schedule  
Sections 2(d)  
& 6, Twelfth  
Schedule

# Directors' Statement

For the financial year ended 31 December 2021

## Share options (continued)

### (a) PwC Employee Share Option Scheme<sup>5</sup> (continued)

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Section 3,  
Twelfth  
Schedule

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued shares of the Company on the day preceding that date.

The Company granted options under the Scheme to subscribe for 2,050,000 ordinary shares of the Company on 1 January 2017 ("2017 Options"), 1,965,000 ordinary shares of the Company on 1 January 2018 ("2018 Options") and 964,000 ordinary shares of the Company on 1 January 2019 ("2019 Options"). Particulars of these options were set out in the Directors' statement for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 respectively<sup>6</sup>.

On 1 January 2021, the Company granted options to subscribe for 350,000 ordinary shares of the Company at exercise price of \$2.88 per share ("2021 Options"). The 2021 Options are exercisable from 1 January 2023 and expire on 31 December 2026. The total fair value of the 2021 Options granted was estimated to be \$800,000 using the Binomial Option Pricing Model. Details of the options granted to an executive director of the Company are as follows:

Section 2(a) &  
(b), Twelfth  
Schedule

	<u>No. of unissued ordinary shares of the Company under option</u>			
	Granted in financial year ended	Aggregate granted since commencement of scheme to 31.12.2021	Aggregate exercised since commencement of scheme to 31.12.2021	Aggregate outstanding as at 31.12.2021
<u>Name of director</u>	<u>31.12.2021</u>	<u>31.12.2021</u>	<u>31.12.2021</u>	<u>31.12.2021</u>
Mr Ang Boon Chew	50,000	180,000	30,000	150,000

SGX  
852(1)(b)(i)

No options have been granted to controlling shareholders of the Company or their associates<sup>7</sup> (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited).

SGX  
852(2,1)(b)(iii)

No participant under the Scheme has received 5% or more of the total number of shares under option available under the Scheme.

SGX  
852(2,1)(b)(iii),  
c(ii)

During the financial year, 478,000 treasury shares of the Company were re-issued at the exercise price of \$1.31 or \$1.28 per share, upon the exercise of the 2017 or 2018 Options respectively.

Section 5,  
Twelfth  
Schedule

**Directors' Statement**

For the financial year ended 31 December 2021

**Share options (continued)****(b) Share options outstanding**Section 6,  
Twelfth  
Schedule

The number of unissued ordinary shares of the Company under option in relation to the PwC Employee Share Option Scheme outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at <u>31.12.2021</u>	<u>Exercise</u> <u>price</u>	<u>Exercise period</u>
<b>2018 Options</b>	1,004,000	\$1.28	1.1.2020 – 31.12.2023
<b>2019 Options</b>	909,000	\$2.95	1.1.2021 – 31.12.2024
<b>2021 Options</b>	350,000	\$2.88	1.1.2023 – 31.12.2026
	<b><u>2,263,000</u></b>		

**Audit Committee<sup>8</sup>**

The members of the Audit Committee at the end of the financial year were as follows:

CA 201B(9)

Mr Balachandran Nair (Chairman)  
Mr Tan Cheng Eng  
Mr David Grey  
Mr Michael Philip White  
Madam Wan Oon Kee

All members of the Audit Committee were non-executive directors. Except for Mr David Grey who was an Executive Director of PwC Global Limited, the ultimate holding corporation of the Group, all members were independent.

**Directors' Statement**

For the financial year ended 31 December 2021

**Audit Committee<sup>8</sup> (continued)**

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

CA 201B(9)

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

**Independent auditor**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

DV

On behalf of the directors<sup>9</sup>




Tan Cheng Eng

Director

20 March 2022<sup>10,11</sup>

Ang Boon Chew

Director

# Directors' Statement

For the financial year ended 31 December 2021

## Guidance notes

### Directors' Statement

#### Inclusion of Company's statement of changes in equity

- 1 A holding company may choose to present the statement of changes in equity of the Company, in addition to the balance sheet of the Company and the consolidated financial statements of the Group. If so, paragraph (a) in the Directors' Statement can be replaced with the following:

"the balance sheet and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages [ ] to [ ] are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and"

In addition to the above, a holding company may also choose to present the statement of comprehensive income and/or the statement of cash flows of the Company. When this occurs, the above paragraph needs to be tailored.

#### Directors in office at the date of the statement

- 2 The names of the directors that are holding office at the date of the Directors' Statement are required to be disclosed. There is no requirement to give details of director(s) who resigned during the financial year/period and up to the date of the Directors' Statement. If a director is appointed during the financial year/period and remains in office at the date of the Directors' Statement, the date of the appointment, although not required, is recommended to be disclosed to clearly identify the new director.

Section 7,  
Twelfth  
Schedule

#### Directors' interests in shares or debentures

- 3 A director's interests include his personal holdings, the beneficial interests of his immediate family and any deemed interest as defined under Section 7 of the Companies Act. Interests in rights or share options, are also required to be disclosed.

Section 9,  
Twelfth  
Schedule  
Section 2,  
Twelfth  
Schedule

If a director resigns after the end of the financial year/period but before the date of the Directors' Statement, his interests at the end of the financial year/period are still required to be disclosed.

If none of the directors has any interests in shares or debentures in the Company or any related corporations, the following disclosure is suggested:

"None of the directors of the Company holding office at the end of the financial year has any interest in the shares or debentures of the Company or any related corporations."

# Directors' Statement

For the financial year ended 31 December 2021

## Guidance notes

### Directors' Statement (continued)

#### Related corporations

- 4 Related corporations include the Company's holding companies, subsidiaries and fellow subsidiaries.

CA 6

#### Share options

- 5 The disclosures required by Section 2 of the Twelfth Schedule of the Companies Act relate to share options granted by the Company. If the share options are granted by the parent of the Company or by another related corporation directly to the employees of the Company and/or its subsidiaries, the Company is not required to make those disclosures required by Section 2 of the Twelfth Schedule in the Directors' Statement. The share options shall however be accounted for in accordance with SFRS(I) 2 Share-based Payment in the financial statements.
- 6 Where such disclosures have been made in a previous statement, reference may be made to that statement.

Section 2,  
Twelfth  
ScheduleSection 3,  
Twelfth  
Schedule

#### Definition of associates

- 7 The SGX Listing Manual defines associates differently to that in paragraph 3 of SFRS(I) 1-28 Investments in Associates and Joint Ventures. An associate is defined in the SGX Listing Manual as:
- (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual):
    - (i) his immediate family;
    - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
  - (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

SGX (General  
– Definitions)



# Directors' Statement

For the financial year ended 31 December 2021

## Guidance notes

### Directors' Statement (continued)

#### Audit Committee

- 8 The details and functions of the audit committee shall be included in the Directors' Statement of listed companies if the statutory financial statements (which would not contain a section on corporate governance), rather than the annual report, are filed with the Accounting and Corporate Regulatory Authority ("ACRA"). If the annual report is filed with the ACRA, this section is not required.

CA 201B(9)

#### Signing of statement

- 9 This phrase is not necessary if the Company has only two directors.

#### Date of Directors' Statement

- 10 The Directors' Statement shall be made out and sent to all persons entitled to receive notice of general meetings of the Company not less than 14 days before the date of the Annual General Meeting ("AGM"). The statement may be sent less than 14 days before the date of the AGM if all the persons entitled to receive notice of general meetings of the Company so agree. The statement shall specify the day on which it was made out and be signed by two directors of the Company.

CA 203(1),(2)  
SGX 707(2)  
CA 201(16)

#### Date of AGM

- 11 AGMs for listed companies shall be held within four months after the end of their financial year. AGMs for non-listed companies shall be held within six months after the end of their financial year.

CA 201(1)(a,b)  
SGX 707 (1)  
CA 201(5)  
(a)(ii)

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# Primary Statements

Consolidated Statement of Comprehensive Income

Balance Sheet – Group

Balance Sheet – Company

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows



**Consolidated Statement of Comprehensive Income<sup>1, 2</sup>**

For the financial year ended 31 December 2021

	Note	2021 <sup>3</sup> \$'000	2020 <sup>3</sup> \$'000	SFRS(I) 1-1 (10(b),10A) SGX 1207 (5(a))
<b>Continuing operations<sup>4</sup></b>				
Revenue	4	245,646	198,898	SFRS(I) 1-1 (82(a))
Cost of sales	5	(87,701)	(71,511)	SFRS(I) 1-1 (103)
Gross profit		157,945	127,387	SFRS(I) 1-1 (103)
Other income				
- Interest	7	2,939	2,144	SFRS(I) 1-1 (82(a))
- Others	7	4,645	3,623	
Other gains and losses				
- Impairment loss on financial assets and contract assets	42(b)	(850)	(266)	SFRS(I) 1-1 (82(ba))
- Others	8	(1,990)	(30)	
Expenses				
- Distribution and marketing	5	(55,872)	(47,571)	SFRS(I) 1-1 (103)
- Administrative	5	(37,261)	(27,337)	SFRS(I) 1-1 (103)
- Finance	9	(9,739)	(7,213)	SFRS(I) 1-1 (82(b))
Share of profit of associates and joint venture <sup>5</sup>	22,23	761	340	SFRS(I) 1-1 (82(c))
Profit before income tax		60,578	51,077	
Income tax expense	10(a)	(15,893)	(14,567)	SFRS(I) 1-1 (82(d))
<b>Profit from continuing operations<sup>4</sup></b>		44,685	36,510	
<b>Discontinued operations<sup>4</sup></b>				SFRS(I) 1-1 (82(ea))
Profit from discontinued operations	11	422	1,310	SFRS(I) 5 (33(a))
<b>Total profit<sup>4</sup></b>		45,107	37,820	

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

**Consolidated Statement of Comprehensive Income<sup>1, 2</sup>**

For the financial year ended 31 December 2021

	Note	2021 <sup>3</sup> \$'000	2020 <sup>3</sup> \$'000	
<b>Other comprehensive income<sup>7</sup>:</b>				
Items that may be reclassified subsequently to profit or loss:				SFRS(I) 1-1 (82A(a)(ii))
Financial assets, at FVOCI				
- Fair value gains/(losses) – debt instruments <sup>11</sup>		571	(105)	
- Reclassification <sup>8</sup>		(145)	-	SFRS(I) 1-1 (92)
Cash flow hedges				
- Fair value gains/(losses)		173	(500)	
- Reclassification <sup>8</sup>		625	523	SFRS(I) 1-1 (92)
Share of other comprehensive income of associates	22	68	35	SFRS(I) 1-1 (82A(b)(ii))
Currency translation differences arising from consolidation <sup>13</sup>				
- Gains		851	1,008	
- Reclassification <sup>8</sup>		-	19	SFRS(I) 1-1 (92)
		<b>2,143</b>	<b>980</b>	
Items that will not be reclassified subsequently to profit or loss:				SFRS(I) 1-1 (82A(a)(i))
Revaluation gains on property, plant and equipment <sup>9, 10</sup>		540	457	
Financial assets, at FVOCI				
- Fair value gains/(losses) – equity investments <sup>12</sup>		885	(1,085)	
<b>Other comprehensive income, net of tax<sup>7</sup></b>	10(c)	<b>3,568</b>	<b>352</b>	SFRS(I) 1-1 (81A(b))
<b>Total comprehensive income</b>		<b>48,675</b>	<b>38,172</b>	SFRS(I) 1-1 (81A(c))
<b>Profit attributable to:</b>				
Equity holders of the Company		41,483	34,416	SFRS(I) 1-1 (81B(a))
Non-controlling interests		3,624	3,404	
		<b>45,107</b>	<b>37,820</b>	
<b>Profit attributable to equity holders of the Company relates to:</b>				
Profit from continuing operations		41,124	33,302	SFRS(I) 5 (33(d))
Profit from discontinued operations		359	1,114	
		<b>41,483</b>	<b>34,416</b>	

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

**Consolidated Statement of Comprehensive Income<sup>1, 2</sup>**

For the financial year ended 31 December 2021

	Note	2021 <sup>3</sup> \$'000	2020 <sup>3</sup> \$'000	
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		<b>44,684</b>	34,355	SFRS(I) 1-1 (81B(b))
Non-controlling interests		<b>3,991</b>	3,817	
		<b>48,675</b>	38,172	
<b>Earnings per share ("EPS")<sup>6</sup> for profit from continuing and discontinued operations attributable to equity holders of the Company (\$ per share)</b>				
<b>Basic EPS</b>				
From continuing operations	12(a)	<b>1.53</b>	1.38	SFRS(I) 1-33 (66)
From discontinued operations	12(a)	<b>0.01</b>	0.05	SFRS(I) 1-33 (68)
<b>Diluted EPS</b>				
From continuing operations	12(b)	<b>1.41</b>	1.25	SFRS(I) 1-33 (66)
From discontinued operations	12(b)	<b>0.01</b>	0.04	SFRS(I) 1-33 (68)

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

**Consolidated Statement of Comprehensive Income<sup>1, 2</sup>**

For the financial year ended 31 December 2021

**Guidance notes****Consolidated statement of comprehensive income****Statement of comprehensive income, statement of cash flows and statement of changes in equity of the parent**

- 1 The 'Statement of Comprehensive Income' may also be titled 'Statement of Profit and Loss and Other Comprehensive Income'. An entity has the choice of presenting the statement of comprehensive income using a one-statement or a two-statement approach. These alternative presentations have been illustrated in Appendix 1 Example 1. SFRS(I) 1-1 paragraphs 82 and 82A prescribes the list of line items that are required to be presented in the Statement of Comprehensive Income.

SFRS(I) 1-1  
(10)  
CA 201 (5)  
SGX 1207 (5)

SFRS(I) 1-1  
(82), (82A)

If consolidated financial statements are presented, the statement of comprehensive income, statement of cash flows and statement of changes in equity of the parent need not be presented. If consolidated financial statements are not presented (e.g. exempted under SFRS(I) 10), the statement of comprehensive income, statement of cash flows, balance sheet and statement of changes in equity of the parent, forming a set of financial statements of the parent, should be presented.

For further information on exemption from preparing consolidated financial statements and exception from consolidation, please refer to Guidance notes on Group accounting – (a) Subsidiaries in Note 2.4.

**Alternative format**

- 2 An entity shall present an analysis of expenses using a classification based on either the function or the nature of the expenses, whichever provides information that is reliable and more relevant.

SFRS(I) 1-1  
(99)

If the expenses are presented by function, additional disclosures on the nature of expenses are required (as illustrated in Note 5 to the financial statements).

SFRS(I) 1-1  
(104)

Within a functional statement of comprehensive income (statement of profit or loss), costs directly associated with generating revenues should be included in cost of sales. Cost of sales should include direct material and labour costs but also indirect costs that can be directly attributed to generating revenue; for example, depreciation of assets used in the production function. Impairment charges should be classified according to how the depreciation or amortisation of the particular asset is classified.

Entities should not mix function and nature classifications of expenses by excluding certain expenses such as inventory write-downs, employee termination benefits and impairment charges from the functional classifications to which they relate.



**Consolidated Statement of Comprehensive Income<sup>1, 2</sup>**

For the financial year ended 31 December 2021

**Guidance notes****Consolidated statement of comprehensive income (continued)****Financial years/periods of different length**

- 3 Where the current reporting period and the comparative reporting period are of unequal timeframe, an entity shall disclose the period covered, the reason for using that period and the fact that comparative amounts for the statement of comprehensive income, statement of cash flows, statement of changes in equity of the parent, and related disclosure notes are not entirely comparable.

SFRS(I) 1-1  
(36)**Continuing/Discontinued operations**

- 4 The single amount disclosed in the statement of comprehensive income relating to discontinued operations shall include the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation. If there is no discontinued operation, the heading 'Continuing operations' is not required. 'Profit from continuing operations' and 'Total profit' should also be changed to 'Net profit'.

SFRS(I) 5 (33)

SFRS(I) 5 is unclear as to whether entities need to separate out items of other comprehensive income between continuing and discontinued operations. We believe that it would be consistent with the principles of SFRS(I) 5 to do so, as it would provide a useful basis for predicting the future results of the continuing operations. We also note that entities must present separately any cumulative income or expense recognised in other comprehensive income that relates to a non-current asset or disposal group classified as held for sale.

**Share of results of associates and joint venture**

- 5 The share of results of associates and joint ventures refers to the group's share of associates and joint ventures' results after tax and non-controlling interests accounted for in accordance with SFRS(I) 1-28

SFRS(I) 1-1  
(82(c))  
SFRS(I) 1-1  
IG6**Earnings per share**

- 6 The basic and diluted earnings per share for each class of ordinary shares shall be presented, even if the amounts are negative (i.e. a loss per share).

SFRS(I) 1-33  
(69)**Tax effects – Other comprehensive income**

- 7 This publication illustrates the presentation of these items individually net of tax and disclosure of the gross amounts and their tax effects in Note 10(c) to the financial statements. Alternatively, an entity can present these items individually gross of tax and their total tax effects as a separate line item.

SFRS(I) 1-1  
(91)

# Consolidated Statement of Comprehensive Income<sup>1, 2</sup>

For the financial year ended 31 December 2021

## Guidance notes

### Consolidated statement of comprehensive income (continued)

#### Reclassification adjustments

8 Reclassification adjustments are adjustments for amounts previously recognised in other comprehensive income now reclassified to profit or loss. Examples of reclassification adjustments are described in paragraphs 93 and 95 of SFRS(I) 1-1. Reclassification adjustments may be presented in the Statement of Comprehensive Income or in the notes. An entity presenting reclassification adjustments in the notes presents items of other comprehensive income after any related reclassification adjustments. In this case, PwC Holdings Ltd has elected to present reclassification adjustments in the Statement of Comprehensive Income.

SFRS(I) 1-1  
(93)  
SFRS(I) 1-1  
(95)  
SFRS(I) 1-1  
(96)

9 Reclassification adjustments do not arise on changes in revaluation surplus recognised in accordance with SFRS(I) 1-16 or SFRS(I) 1-38 or on remeasurements of defined benefit plans recognised in accordance with paragraph 122 of SFRS(I) 1-19.

SFRS(I) 1-1  
(96)

10 These components are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. Changes in revaluation surplus may be transferred to retained earnings in subsequent periods as the asset is used or when it is derecognised. Re-measurements of net defined benefit liability (asset) recognised in other comprehensive income may also be transferred within equity.

SFRS(I) 1-16  
(41)  
SFRS(I) 1-38  
(87)  
SFRS(I) 1-19  
(122)

#### Items that may and may not be reclassified subsequently to profit or loss

11 For debt instruments which are classified as financial assets, at FVOCI, subsequent fair value changes are recognised in other comprehensive income, except for interest income, impairment and foreign exchange gains and losses which are recognised in the profit or loss. Fair value changes on such debt instruments which were previously recognised in other comprehensive income will be subsequently reclassified to profit or loss when the instrument is derecognised.

SFRS(I) 9  
(B5.7.1A)

12 In contrast, for equity investments classified as financial assets, at FVOCI, subsequent fair value changes are recognised in other comprehensive income and will not be reclassified to profit or loss upon disposal. Instead, the entity may transfer the cumulative fair value gain or loss within equity upon disposal.

SFRS(I) 9  
(B5.7.1)

**Consolidated Statement of Comprehensive Income<sup>1, 2</sup>**

For the financial year ended 31 December 2021

**Guidance notes****Consolidated statement of comprehensive income (continued)****Items that may and may not be reclassified subsequently to profit or loss (continued)**

- 13 Currency translation differences arising from a foreign operation with a functional currency that is different from the presentation currency are recognised in other comprehensive income and accumulated in currency translation reserve. Such currency translation differences attributable to non-controlling interests will not be subsequently reclassified to profit or loss. In contrast, currency translation differences relating to equity holders of the parent are reclassified to profit or loss on disposal of the foreign operations.

SFRS(I) 1-21  
(39)  
SFRS(I) 1-21  
(48B)  
SFRS(I) 1-21  
(48)

**Additional disclosures**

- 14 Additional line items, headings and subtotals shall be presented on the face of the statement of comprehensive income and separate income statement (if presented) only when such presentation is necessary for an understanding of the entity's financial performance, the presentation is free of bias and undue prominence, the presentation is applied consistently and the methods are described in detail in the accounting policies.

SFRS(I) 1-1  
(85)

**Disclosure initiative**

- 15 SFRS(I) 1-1 requires entities not to aggregate or disaggregate information in a manner that obscures useful information. Additional subtotals are acceptable if they are made up of items recognised and measured under SFRS(I), presented and labelled in a manner understandable and consistent from period to period. An entity is also permitted to disaggregate specific line items required by SFRS(I) 1-1. Management has to consider the understandability and comparability of financial statements when determining the order of notes.

SFRS(I) 1-1  
(30A), (55A),  
(85A), (85B)

For example, the significant accounting policies of the Company can be disclosed along with each relevant note to the financial statements to make this critical information more prominent and easier to find.

**Balance Sheet – Group**

As at 31 December 2021

	Note	31 December 2021 \$'000	2020 \$'000	SFRS(I) 1-1 (54,77) SGX 1207 (5)(a) SGX 1207 (5)(b)
<b>ASSETS</b>				
<b>Current assets</b>				SFRS(I) 1-1 (60,66)
Cash and cash equivalents	13	94,777	31,170	SFRS(I) 1-1 (54)(i)
Financial assets, at FVPL	14	11,800	11,300	SFRS(I) 1-1 (54)(d)
Other investments at amortised cost	17	763	-	
Derivative financial instruments	15	288	1,854	SFRS(I) 1-1 (54)(d)
Trade and other receivables	18	22,385	28,481	SFRS(I) 1-1 (54)(h)
Inventories	19	27,499	32,461	SFRS(I) 1-1 (54)(g)
Contract assets <sup>2</sup>	4(b)	2,939	2,471	
Other current assets	4(c)	487	619	
		<b>160,938</b>	<b>108,356</b>	SFRS(I) 1-1 (55)
Assets of disposal group classified as held-for-sale	11	2,818	-	SFRS(I) 1-1 (54)(j)
		<b>163,756</b>	<b>108,356</b>	
<b>Non-current assets</b>				SFRS(I) 1-1 (60,66)
Financial assets, at FVPL	14	2,950	2,300	SFRS(I) 1-1 (54)(d)
Derivative financial instruments	15	2,668	308	SFRS(I) 1-1 (54)(d)
Financial assets, at FVOCI	16	4,725	13,452	SFRS(I) 1-1 (54)(d)
Other investments at amortised cost	17	2,734	2,403	SFRS(I) 1-1 (54)(d)
Trade and other receivables	20	9,518	7,374	SFRS(I) 1-1 (54)(h)
Investments in associates	22	8,284	7,606	SFRS(I) 1-1 (54)(e)
Investment in a joint venture	23	1,837	1,457	SFRS(I) 1-1 (54)(e)
Investment properties <sup>3,4</sup>	25	15,937	17,338	SFRS(I) 1-1 (54)(b)
Property, plant and equipment <sup>3,4</sup>	26	150,929	155,377	SFRS(I) 1-1 (54)(a)
Intangible assets	29	28,141	26,187	SFRS(I) 1-1 (54)(c)
Deferred income tax assets	35	2,784	2,541	SFRS(I) 1-1 (54)(o)
		<b>230,507</b>	<b>236,343</b>	
<b>Total assets</b>		<b>394,263</b>	<b>344,699</b>	

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

**Balance Sheet – Group**

As at 31 December 2021

	Note	31 December 2021 \$'000	2020 \$'000	
<b>LIABILITIES</b>				SFRS(I) 1-1 (60,69)
<b>Current liabilities</b>				
Trade and other payables	30	17,610	15,543	SFRS(I) 1-1 (54(k))
Contract liabilities <sup>2</sup>	4(b)	678	548	
Current income tax liabilities	10(b)	800	1,700	SFRS(I) 1-1 (54(n))
Derivative financial instruments	15	-	1,376	SFRS(I) 1-1 (54(m))
Borrowings <sup>3</sup>	31	18,772	21,505	SFRS(I) 1-1 (54(m))
Provisions	34	3,796	1,523	SFRS(I) 1-1 (54(l))
		<b>41,656</b>	<b>42,195</b>	
Liabilities directly associated with disposal group classified as held-for-sale	11	287	-	SFRS(I) 1-1 (54(p))
		<b>41,943</b>	<b>42,195</b>	
<b>Non-current liabilities</b>				SFRS(I) 1-1 (60,69)
Trade and other payables	30	500	350	SFRS(I) 1-1 (54(k))
Derivative financial instruments	15	3,090	-	SFRS(I) 1-1 (54(m))
Borrowings <sup>3</sup>	31	124,285	122,067	SFRS(I) 1-1 (54(m))
Deferred income tax liabilities	35	13,587	12,360	SFRS(I) 1-1 (54(o))
Provisions	34	2,072	1,573	SFRS(I) 1-1 (54(l))
		<b>143,534</b>	<b>136,350</b>	
<b>Total liabilities</b>		<b>185,477</b>	<b>178,545</b>	
<b>NET ASSETS</b>		<b>208,786</b>	<b>166,154</b>	
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	36	49,509	41,495	SFRS(I) 1-1 (54(r))
Treasury shares	36	(2,772)	(2,022)	SFRS(I) 1-1 (54(r))
Other reserves	37	9,941	6,539	SFRS(I) 1-1 (54(r))
Retained profits		139,313	109,608	SFRS(I) 1-1 (54(r))
		<b>195,991</b>	<b>155,620</b>	SFRS(I) 1-1 (54(r))
<b>Non-controlling interests</b>	24	12,795	10,534	SFRS(I) 1-1 (54(q))
<b>Total equity</b>		<b>208,786</b>	<b>166,154</b>	

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

**Balance Sheet – Company**

As at 31 December 2021

	Note	31 December		
		2021	2020	
		\$'000	\$'000	
<b>ASSETS</b>				
<b>Current assets</b>				SFRS(I) 1-1 (60,66)
Cash and cash equivalents	13	19,346	17,278	SGX 1207 (5)(a)
Derivative financial instruments	15	-	211	SGX 1207 (5)(b)
Trade and other receivables	18	5,830	5,824	SFRS(I) 1-1 (54(i))
Inventories	19	2,245	3,305	SFRS(I) 1-1 (54(d))
		27,421	26,618	SFRS(I) 1-1 (54(h))
Non-current asset classified as held-for-sale	11	1,500	-	SFRS(I) 1-1 (54(g))
		28,921	26,618	SFRS(I) 1-1 (54(j))
<b>Non-current assets</b>				
Derivative financial instruments	15	150	-	SFRS(I) 1-1 (54(i))
Financial assets, at FVOCI	16	1,615	1,600	SFRS(I) 1-1 (54(d))
Trade and other receivables	20	4,733	3,147	SFRS(I) 1-1 (54(h))
Investments in associates	22	1,000	1,000	SFRS(I) 1-1 (54(e))
Investment in a joint venture	23	880	880	SFRS(I) 1-1 (54(e))
Investments in subsidiaries	24	104,550	94,160	SFRS(I) 1-1 (55)
Property, plant and equipment	26	1,258	843	SFRS(I) 1-1 (54(a))
Intangible assets	29	1,444	1,542	SFRS(I) 1-1 (54(c))
		115,630	103,172	
<b>Total assets</b>		144,551	129,790	

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

**Balance Sheet – Company**

As at 31 December 2021

		31 December		
	Note	2021	2020	
		\$'000	\$'000	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				SFRS(I) 1-1 (60,69)
Trade and other payables	30	951	848	SFRS(I) 1-1 (54(k))
Current income tax liabilities	10(b)	330	261	SFRS(I) 1-1 (54(n))
Borrowings	31	1,732	1,927	SFRS(I) 1-1 (54(m))
Provisions	34	44	50	SFRS(I) 1-1 (54(l))
		<b>3,057</b>	<b>3,086</b>	
<b>Non-current liabilities</b>				SFRS(I) 1-1 (60,69)
Borrowings	31	79,084	78,499	SFRS(I) 1-1 (54(m))
Provisions	34	170	150	SFRS(I) 1-1 (54(l))
Deferred income tax liabilities	35	2,468	3,140	SFRS(I) 1-1 (54(o))
		<b>81,722</b>	<b>81,789</b>	
<b>Total liabilities</b>		<b>84,779</b>	<b>84,875</b>	
<b>NET ASSETS</b>		<b>59,772</b>	<b>44,915</b>	
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	36	49,509	41,495	SFRS(I) 1-1 (54(r))
Treasury shares	36	(2,772)	(2,022)	SFRS(I) 1-1 (54(r))
Other reserves	37	4,214	3,917	SFRS(I) 1-1 (54(r))
Retained profits	38	8,821	1,525	SFRS(I) 1-1 (54(q))
<b>Total equity</b>		<b>59,772</b>	<b>44,915</b>	

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

# Balance Sheet – Company

As at 31 December 2021

## Guidance notes

### Statement of financial position/balance sheet

#### Comparative information

- 1 An entity shall present a third statement of financial position as at the beginning of the preceding period if:
  - a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
  - b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

SFRS(I) 1-1  
(40A)

For further information, please refer to paragraphs 40B to 40D of SFRS(I) 1-1.

#### Contract assets and contract liabilities

- 2 Contract assets and contract liabilities do not have to be referred to as such and do not need to be presented separately in the balance sheet as long as the entity provides sufficient information so that users of the financial statements can distinguish them from other items.

SFRS(I) 15  
(109)

#### Presentation of right-of-use assets and lease liabilities

- 3 Right-of-use assets (except those meeting the definition of investment property) and lease liabilities do not need to be presented as a separate line items on the balance sheet, as long as they are disclosed separately in the notes. Where right-of-use assets are presented within the same line item as the corresponding underlying assets would be presented if they were owned, the lessee must disclose which line items in the balance sheet include those right-of-use assets.
- 4 Right-of-use assets that meet the definition of investment property must be presented in the balance sheet as investment property.

SFRS(I) 16  
(47)SFRS(I) 16  
(48)



**Consolidated Statement of Changes in Equity<sup>1, 2</sup>**

As at 31 December 2021

Reference

2021	Note	Attributable to equity holders of the Company											Total equity	Reference
		Share capital	Treasury shares	Share option reserve <sup>3</sup>	Capital reserve <sup>3</sup>	Fair value reserve <sup>3</sup>	Hedging reserve <sup>3</sup>	Currency translation reserve <sup>3</sup>	Equity component of convertible bonds	Asset revaluation reserve <sup>3</sup>	Retained profits	Non-controlling interests		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Balance as at 31 December 2020</b>		<b>41,495</b>	<b>(2,022)</b>	<b>1,510</b>	<b>858</b>	<b>(1,485)</b>	<b>110</b>	<b>1,207</b>	<b>1,685</b>	<b>2,654</b>	<b>109,608</b>	<b>155,620</b>	<b>10,534</b>	<b>166,154</b> SFRS(I) 1-1 (106)(d)
Profit for the year		-	-	-	-	-	-	-	-	-	41,483	41,483	3,624	45,107 SFRS(I) 1-1 (106)(d)(i)
Other comprehensive income for the year		-	-	-	-	1,379	798	489	-	535	-	3,201	367	3,568 SFRS(I) 1-1 (106)(d)(ii)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,379</b>	<b>798</b>	<b>489</b>	<b>-</b>	<b>535</b>	<b>41,483</b>	<b>44,684</b>	<b>3,991</b>	<b>48,675</b> SFRS(I) 1-1 (106)(a)
Purchase of treasury shares	36	-	(1,754)	-	-	-	-	-	-	-	-	(1,754)	-	(1,754) SFRS(I) 1-32 (33)
Employee share option scheme														
- Value of employee services	37(b)(i)	-	-	672	-	-	-	-	-	-	-	672	-	672 SFRS(I) 2 (7)
- Treasury shares re-issued	36 37(b)(i),(ii)	-	1,004	(972)	623	-	-	-	-	-	-	655	-	655 SFRS(I) 1-32 (33)
Issue of new shares	36	8,368	-	-	-	-	-	-	-	-	-	8,368	-	8,368
Share issue expenses	36	(354)	-	-	-	-	-	-	-	-	-	(354)	-	(354)
Dividend paid	39	-	-	-	-	-	-	-	-	-	(12,078)	(12,078)	(1,730)	(13,808) SFRS(I) 1-1 (106) (d)(iii)
<b>Total transactions with owners, recognised</b>		<b>8,014</b>	<b>(750)</b>	<b>(300)</b>	<b>623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,078)</b>	<b>(4,491)</b>	<b>(1,730)</b>	<b>(6,221)</b> SFRS(I) 1-1 (106) (d)(iii)

Attributable to equity holders of the Company													
Note	Share capital	Treasury shares	Share option reserve <sup>3</sup>	Capital reserve <sup>3</sup>	Fair value reserve <sup>3</sup>	Hedging reserve <sup>3</sup>	Currency translation reserve <sup>3</sup>	Equity component of convertible bonds	Asset revaluation reserve <sup>3</sup>	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>													
<b>directly in equity</b>													
Transfer upon disposal of investments	37(b) (iii)	-	-	-	-	(300)	-	-	-	300	-	-	-
Hedging gain transferred to the carrying value of inventory purchased during the year	37(b) (iv)	-	-	-	-	178	-	-	-	-	178	-	178
<b>Balance at 31 December 2021</b>	<b>49,509</b>	<b>(2,772)</b>	<b>1,210</b>	<b>1,481</b>	<b>(406)</b>	<b>1,086</b>	<b>1,696</b>	<b>1,685</b>	<b>3,189</b>	<b>139,313</b>	<b>195,991</b>	<b>12,795</b>	<b>208,786</b>

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

**Consolidated Statement of Changes in Equity<sup>1, 2</sup>**

As at 31 December 2021

Attributable to equity holders of the Company														Reference	
2020	Note	Share capital	Treasury shares	Share option reserve <sup>3</sup>	Capital reserve <sup>3</sup>	Fair value reserve <sup>3</sup>	Hedging reserve <sup>3</sup>	Currency translation reserve <sup>3</sup>	Equity component of convertible bonds	Asset revaluation reserve <sup>3</sup>	Retained profits	Total	Non-controlling interests	Total equity	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2020		41,495	(1,418)	1,636	488	(73)	87	588	1,685	2,202	83,017	129,707	8,252	137,959	SFRS(I) 1-1 (106)(d)
Profit for the year		-	-	-	-	-	-	-	-	-	34,416	34,416	3,404	37,820	SFRS(I) 1-1 (106)(d)(i)
Other comprehensive income for the year		-	-	-	-	(1,155)	23	619	-	452	-	(61)	413	352	SFRS(I) 1-1 (106)(d)(ii)
Total comprehensive income for the year		-	-	-	-	(1,155)	23	619	-	452	34,416	34,355	3,817	38,172	SFRS(I) 1-1 (106)(a)
Transfer upon disposal of investments	37(b) (iii)	-	-	-	-	(257)	-	-	-	-	257	-	-	-	
Purchase of treasury shares	36	-	(2,389)	-	-	-	-	-	-	-	-	(2,389)	-	(2,389)	SFRS(I) 1-32 (33)
Employee share option scheme															
Value of employee services	37(b) (i)	-	-	715	-	-	-	-	-	-	-	715	-	715	SFRS(I) 2 (7)
Treasury shares re-issued	36 37(b) (i),(ii)	-	1,785	(841)	370	-	-	-	-	-	-	1,314	-	1,314	SFRS(I) 1-32 (33)
															SFRS(I) 1-1 (106) (d)

Attributable to equity holders of the Company													
		Share capital	Treasury shares	Share option reserve <sup>3</sup>	Capital reserve <sup>3</sup>	Fair value reserve <sup>3</sup>	Hedging reserve <sup>3</sup>	Currency translation reserve <sup>3</sup>	Equity component of convertible bonds	Asset revaluation reserve <sup>3</sup>	Retained profits	Total	Non-controlling interests
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>													
Disposal of controlling interest in subsidiary	13	-	-	-	-	-	-	-	-	-	-	-	(75)
Dividend paid	39	-	-	-	-	-	-	-	-	-	(8,082)	(8,082)	(1,460)
<b>Total transactions with owners, recognised directly in equity</b>		-	(604)	(126)	370	(257)	-	-	-	-	(7,825)	(8,442)	(1,535)
<b>Balance at 31 December 2020</b>		<b>41,495</b>	<b>(2,022)</b>	<b>1,510</b>	<b>858</b>	<b>(1,485)</b>	<b>110</b>	<b>1,207</b>	<b>1,685</b>	<b>2,654</b>	<b>109,608</b>	<b>155,620</b>	<b>10,534</b>
													<b>166,154</b>

SFRS(I) 1-1  
(106) (d)(iii)  
SFRS(I) 1-1  
(106) (d)(iii)

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

# Consolidated Statement of Changes in Equity<sup>1, 2</sup>

For the financial year ended 31 December 2021

## Guidance notes

### Consolidated Statement of Changes in Equity ("SoCE")

#### Presentation of each component of equity in the SoCE

- 1 SFRS(I) 1-1 requires an entity to show in the SoCE, for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period. Components of equity include, e.g., each class of contributed equity, the accumulated balance of each class of other comprehensive income and retained profits.
- 2 The reconciliation of changes in each component of equity shall show separately each item of comprehensive income. However, this reconciliation may be presented either in the notes or in the SoCE. This presentation illustrates the former.
- 3 An entity can choose to present the aggregation of reserve in the SoCE. For instance, share option reserve, fair value reserve, hedging reserve, currency translation reserve and asset revaluation reserve can be aggregated to be presented as "Other reserves". The entity should continue to disclose in the notes a description of the nature and purpose of each reserve within equity.

SFRS(I) 1-1  
(106(d)), (108)

**Consolidated Statement of Cash Flows**

For the financial year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000	
<b>Cash flows from operating activities<sup>1</sup></b>				SFRS(I) 1-7 (1)
Total profit		<b>45,107</b>	37,820	SGX 1207 (5(c))
Adjustments for:				SFRS(I) 1-7 (10,18(b))
- Income tax expense		<b>15,971</b>	14,817	SFRS(I) 1-7 (20(b),(c))
- Employee share option expense		<b>672</b>	715	
- Amortisation and depreciation		<b>23,025</b>	13,704	
- Impairment loss on goodwill		<b>500</b>	1,081	
- Gain on disposal of property, plant and equipment		<b>(170)</b>	-	
- Impairment loss on financial assets and contract assets		<b>850</b>	266	
- Fair value loss on derivatives		<b>1,641</b>	1,020	
- Fair value gain on financial assets, at FVPL		<b>(750)</b>	(515)	
- Net fair value (gains)/losses on investment properties		<b>1,906</b>	(174)	
- Interest income <sup>3</sup>		<b>(2,939)</b>	(2,144)	SFRS(I) 1-7 (31-34)
- Dividend income <sup>3</sup>		<b>(2,694)</b>	(1,547)	SFRS(I) 1-7 (31-34)
- Income from sub-lease		<b>(506)</b>	(355)	
- Finance expenses <sup>3</sup>		<b>9,739</b>	7,213	SFRS(I) 1-7 (31-34)
- Share of profit of associates and joint venture		<b>(761)</b>	(340)	
- Unrealised currency translation losses <sup>8</sup>		<b>2,211</b>	3,204	SFRS(I) 1-7 (25-28)
		<b>93,802</b>	74,765	
Change in working capital, net of effects from acquisition and disposal of subsidiaries:				SFRS(I) 1-7 (20)(a)
- Inventories		<b>5,081</b>	(2,898)	
- Trade and other receivables		<b>4,036</b>	3,063	
- Contract assets and liabilities		<b>(338)</b>	(518)	
- Other current assets		<b>132</b>	(203)	
- Financial assets, at FVPL		<b>(400)</b>	(515)	
- Trade and other payables		<b>(559)</b>	(117)	
- Provisions		<b>2,232</b>	82	
Cash generated from operations		<b>103,986</b>	73,659	
Interest received <sup>3</sup>		<b>732</b>	48	SFRS(I) 1-7 (31)
Interest paid <sup>3</sup>		<b>(182)</b>	(187)	SFRS(I) 1-7 (31)
Income tax paid <sup>4</sup>		<b>(16,608)</b>	(16,059)	SFRS(I) 1-7 (35), (36)
<b>Net cash provided by operating activities</b>		<b>87,928</b>	57,461	

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

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000	SFRS(I) 1-7 (1) SFRS(I) 1-7 (21) SFRS(I) 1-7 (39,42)
<b>Cash flows from investing activities</b>				
Acquisition of a subsidiary, net of cash acquired	46	(7,078)	-	SFRS(I) 1-7 (39,42)
Prepayment of leases <sup>6</sup>		(600)	-	
Additions to property, plant and equipment <sup>6</sup>		(2,561)	(3,011)	SFRS(I) 1-7 (16)(a), (43)
Additions to investment property		(735)	(246)	SFRS(I) 1-7 (16)(a)
Additions to intangible assets		(2,300)	(1,492)	SFRS(I) 1-7 (16)(a)
Purchases of financial assets, at FVOCI		(500)	(174)	SFRS(I) 1-7 (16)(c)
Purchases of other investments, at amortised cost		(1,500)	-	SFRS(I) 1-7 (16)(c)
Disposal of a subsidiary, net of cash disposed of	13	-	2,757	SFRS(I) 1-7 (39,42)
Disposal of property, plant and equipment		439	-	SFRS(I) 1-7 (16)(b)
Disposal of investment property		230	-	SFRS(I) 1-7 (16)(b)
Disposal of financial assets, at FVOCI		10,977	1,113	SFRS(I) 1-7 (16)(d)
Loans to an associate		(1,710)	(212)	SFRS(I) 1-7 (16)(e)
Repayment of loans by an associate		694	1,440	SFRS(I) 1-7 (16)(f)
Sub-lease income received		506	355	
Dividends received <sup>3</sup>		3,894	1,547	SFRS(I) 1-7 (31)
Interest received <sup>3</sup>		2,765	1,742	SFRS(I) 1-7 (31)
<b>Net cash provided by investing activities</b>		<b>2,521</b>	<b>3,819</b>	

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

**Consolidated Statement of Cash Flows**

For the financial year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000	
<b>Cash flows from financing activities</b>				SFRS(I) 1-7 (21)
Bank deposits pledged		150	(250)	
Proceeds from issuance of ordinary shares		8,368	-	SFRS(I) 1-7 (17)(a)
Proceeds from re-issuance of treasury shares		613	1,229	SFRS(I) 1-7 (17)(b)
Share issue expense <sup>9</sup>		(354)	-	SFRS(I) 1-7 (17)(b)
Proceeds from issuance of convertible bond		-	-	SFRS(I) 1-7 (17)(a)(c)
Proceeds from borrowings		5,800	9,300	SFRS(I) 1-7 (17)(c)
Purchase of treasury shares		(1,754)	(2,389)	SFRS(I) 1-7 (17)(b)
Repayment of borrowings		(16,106)	(33,082)	SFRS(I) 1-7 (17)(d)
Principal payment of lease liability <sup>12</sup>		(5,573)	(6,720)	SFRS(I) 1-7 (17)(e)
Interest paid <sup>3,12</sup>		(4,428)	(4,601)	SFRS(I) 1-7 (17)(31)
Dividends paid to redeemable preference shareholders <sup>3</sup>		(1,950)	(1,950)	
Dividends paid to equity holders of the Company		(12,078)	(8,082)	SFRS(I) 1-7 (17)(31)
Dividends paid to non-controlling interests		(1,730)	(1,460)	SFRS(I) 1-7 (17)(31)
<b>Net cash used in financing activities</b>		<b>(29,042)</b>	<b>(48,005)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>61,407</b>	<b>13,275</b>	
<b>Cash and cash equivalents</b>				
Beginning of financial year		26,760	13,232	SFRS(I) 1-7 (45)
Effects of currency translation on cash and cash equivalents <sup>8</sup>		1,850	253	SFRS(I) 1-7 (28)
<b>End of financial year</b>	13	<b>90,017</b>	<b>26,760</b>	SFRS(I) 1-7 (45)

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



# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

## Guidance notes

### Consolidated Statement of Cash Flows

#### Direct method

- 1 An entity can present its Statement of Cash Flows using the direct or indirect method; the latter is illustrated in this publication. When the direct method is used, the cash flows from operating activities shall be presented as follows:

SFRS(I) 1-7  
(18(a))

SFRS(I) 1-7  
(19)

	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	246,226	263,672
Cash paid to suppliers and employees	(142,240)	(190,013)
Cash generated from operations	103,986	73,659
Interest received	732	48
Interest paid	(182)	(187)
Income taxes paid	(16,608)	(16,059)
Net cash provided by operating activities	87,928	57,461

The rest of the “direct method” consolidated statement of cash flows is similar to that of the indirect method.

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

## Guidance notes

### Consolidated statement of cash flows (continued)

#### Discontinued operations

- 2 Non-cash items excluded from profit for purposes of the statement of cash flows should include those non-cash items attributed to discontinued operations.

The net cash flows attributable to operating, investing and financing activities of discontinued operations (including comparatives) shall be disclosed either in the notes or on the face of the statement of cash flows. This publication illustrates the disclosure when the entity elects to disclose in the notes to the financial statements. Please refer to Note 11(b).

SFRS(I) 5  
(33(c))

If the entity elects to present net cash flows on the face of the statement of cash flows, the relevant net cash flows should be presented under operating, investing and financing activities respectively. It is not appropriate to combine and present the net cash flows from three activities as one line item under operating, investing or financing activities.

#### Dividends and interest

- 3 Cash flows from interest and dividends received and paid shall each be disclosed separately and classified consistently from period to period. The interest amounts to be adjusted against profit after tax are the amounts charged or credited to profit or loss. The amounts to be shown under financing or investing cash flows shall be strictly cash paid or received during the period. Differences will be reflected in the changes in operating assets and liabilities or as additions to qualifying assets if interest has been capitalised in the cost of these assets.
- 4 SFRS(I) 1-7 does not specify how to classify cash flows from interest paid and interest and dividends received. PwC Holdings Ltd has chosen to present interest paid and interest received on financial assets held for cash management purposes as operating cash flows, but dividends and interest received on other financial assets as investing cash flows because they are returns on the group's investments. Dividends paid are classified in this publication as financing cash flows, because they are a cost of obtaining financial resources. However, they could also be classified as operating cash flows, to assist users in determining the ability of an entity to pay dividends out of operating cash flows.

SFRS(I) 1-7  
(31-34)

SFRS(I) 1-7  
(31-34)

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

## Guidance notes

### Taxes on income

- 5 Cash flows from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.

SFRS(I)  
1-7 (35)

Taxes paid are usually classified as cash flows from operating activities as it is often impracticable to identify tax cash flows that are related to investing or financing activities. However, when it is practicable to be identified, the tax cash flow is classified as an investing or financing activity as appropriate. The total amount of taxes paid however needs to be disclosed.

SFRS(I)  
1-7 (36)

### Additions to property, plant and equipment

- 6 Additions to property, plant and equipment in the statement of cash flows should be net of hedging gains/losses transferred from hedging reserve.

The classification of payments made before commencement of the lease is determined based on the substance of the payments. For example, one-off upfront payment of all the lease payments on commencement would be presented as an investing cash flow. Partial prepayment at commencement might be classified as financing cash flow, consistent with the ongoing periodic payment.

In this publication, the prepaid lease payment is classified under investing activities as it relates to an upfront payment of all the lease payments under the lease arrangement.

### Changes in ownership interests that do not result in loss of control

- 7 Cash flow arising from changes in ownership interests in a subsidiary that does not result in a loss of control shall be classified as cash flows from financing activities.

### Currency translation differences

- 8 The adjustment of total profit for unrealised currency translation (gains)/losses usually includes currency translation differences on monetary items that form part of investing or financing activities such as long-term loans. This is because these currency translation differences are included as a part of profit or loss for the financial year and need to be eliminated in arriving at the net cash flows from operating activities, as they do not relate to operating activities.

On the other hand, unrealised currency translation differences on monetary items that form part of operating activities, such as trade receivables or payables, do not usually require such adjustments, as they are already adjusted through the change in working capital lines.

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

## Guidance notes

### Currency translation differences (continued)

- 9 Currency translation differences that arise on the translation of foreign currency cash and cash equivalents should be reported in the statement of cash flows in order to reconcile opening and closing balances of cash and cash equivalents, separately from operating, financing and investing cash flows.

SFRS(I)  
1-7 (28)

### Cash flows reported on a gross or net basis

- 10 Major classes of cash receipts and cash payments arising from investing and financing activities should be reported on a gross basis, except for the cash flows described in paragraphs 22 to 24 of SFRS(I) 1-7, which are reported on a net basis.

SFRS(I)  
1-7 (21)

### Non-cash transactions

- 11 Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from the statement of cash flows.

SFRS(I)  
1-7 (43)

### Classification of borrowing cost capitalised into cost of qualifying assets

- 12 The classification of payments of interest that are capitalised shall be classified in a manner consistent with the classification of the underlying asset to which those payments were capitalised. For example, payments of interest that are capitalised as part of cost of property, plant and equipment should be classified as part of an entity's investing activities; payments of interest that are capitalised as part of the cost of inventories should be classified as part of an entity's operating activities.

### Leases

- 13 A lessee shall classify cash flows relating to leases as follows:
- (a) Cash payments for the principal portion of the lease liabilities within financing activities;
  - (b) Cash payments for the interest portion of the lease liabilities consistent with presentation of interest payments chosen by the Group; and
  - (c) Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities within operating activities.

SFRS(I)  
16 (50)

# Significant Accounting Policies



# Notes to the Financial Statements

For the financial year ended 31 December 2021

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

## 1. General information

PwC Holdings Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 350 Harbour Street, PwC Centre, #30-00, Singapore 049929.<sup>1</sup>

SFRS(I) 1-1  
(138(a))

The principal activities of the Company are the manufacturing and sale of electronic component parts, and investment holding. The principal activities of its subsidiaries are the manufacturing and sale of electronic component parts, the sale of furniture, the construction of specialised equipment and logistic services.

SFRS(I) 1-1  
(138(b))

### Guidance notes

#### General information

##### Change of company name

- 1 If the company changes its name during the financial year and up to the date of the financial statements, the change shall be disclosed. A suggested disclosure is as follows:

SFRS(I) 1-1  
(51(a))

“With effect from [effective date of change], the name of the Company was changed from [XYZ Pte Ltd] to [ZYX Pte Ltd].

Further, all references to the company’s name in directors’ statement, auditors’ report and financial statements should be based on the new name, followed by the words “Formerly known as [old name].”

## 2. Significant accounting policies<sup>1-6</sup>

SFRS(I) 1-1  
(112(a))

### 2.1. Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

SGX 1207  
(5(d))  
SFRS(I) 1-1  
(117(a))

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Disclosure of accounting policies

- 1 In deciding whether a particular accounting policy shall be disclosed, management considers whether the disclosure will assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position.

SFRS(I) 1-1  
(119)

**Accounting policies shall be disclosed for all material components. The accounting policies illustrated in this publication must be tailored if they are adopted by other reporting entities to suit the particular circumstances and needs of readers of those financial statements.**

- 2 Disclosure of accounting policies is particularly useful to users when there are alternatives allowed in Standards and Interpretations.

SFRS(I) 1-1  
(119)

An example is the measurement bases used for classes of property, plant and equipment (SFRS(I) 1-16).

- 3 An accounting policy may also be significant because of the nature of the entity's operations, even if amounts shown for current and prior periods are not material. **Omissions, misstatements or obscuring of information are material if they could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of the financial statements.** Materiality depends on the size and nature of the omission or misstatement, taking into consideration the surrounding circumstances. The size or nature of the item, or a combination of both, can be the determining factor.

SFRS(I) 1-1  
(121)  
SFRS(I) 1-1 (7)

### Going concern assumption

- 4 When preparing financial statements, management shall make an assessment of the entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. Even if the decision is made by management after the balance sheet date, the financial statements should not be prepared on a going concern basis.
- 5 When management is aware of material uncertainties related to events or conditions which may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed, even if management eventually concludes that it is appropriate to prepare the financial statements on a going concern basis.

SFRS(I) 1-1  
(25), (26)

SFRS(I) 1-10  
(14)

SFRS(I) 1-1  
(25), (26)

One disclosure example is "These financial statements are prepared on a going concern basis because the holding company has confirmed its intention to provide continuing financial support so that the Company is able to pay its debts as and when they fall due".





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Going concern assumption (continued)

- 6 When the financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not considered a going concern.

SFRS(I) 1-1  
(25)

One disclosure example is “These financial statements are prepared on a realisation basis because management intends to liquidate the Company within 12 months from the balance sheet date”.

- 7 For disclosures relating to material uncertainty about the entity’s ability to continue as a going concern resulting from the COVID-19 pandemic, please refer to illustrative disclosures in Appendix 2 example 1.

### Disclosing climate-related risks in the financial statements

- 8 Climate-related risks could have a significant impact on an entity’s operations and financial performance and users of the financial statements are increasingly looking for evidence that the entity has incorporated climate risk factors when making estimates and judgements in the preparation of financial statements. The accounting standards have an overarching requirement to disclose information that users need for them to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance. Therefore, in light of the current focus on, and impact of, climate change, entities should ensure that they have undertaken a rigorous assessment to provide all the material and relevant information affecting the financial statements.

The IASB has issued [educational material](#) which contains a non-exhaustive list of examples regarding how climate risk might affect the measurement and disclosure requirements of various standards and the various paragraphs of those standards that might be referenced in determining how to incorporate such risks.

Entities should ensure the financial statement disclosures are consistent with their TCFD disclosures in other sections of the annual report. The effects of TCFD in PwC Holdings Ltd has not been illustrated in the financial statements of this publication.



PwC’s [dedicated climate change website](#) provides useful industry specific information and links to guidance from standard-setters and other organisations.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.1. Basis of preparation (continued)

### Interpretations and amendments to published standards effective in 2021<sup>1, 2</sup>

SFRS(I) 1-8  
(28)

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the 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 INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## Guidance notes

### Basis of preparation – New or amended Standards and Interpretations effective for 2021 calendar year-ends

- The following are the other new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

SFRS(I) 1-8  
(28)

Effective for annual periods beginning on or after 1 January 2021:

1 June 2020	Amendments to: <ul style="list-style-type: none"> <li>- SFRS(I) 16 Leases (Covid-19-Related Rent Concessions)</li> </ul>
1 January 2021	Amendments to: <ul style="list-style-type: none"> <li>- SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts and SFRS(I) 16 Leases (Interest Rate Benchmark Reform – Phase 2)</li> </ul>

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. [See Appendix 3 for disclosures on Interest Rate Benchmark Reform].

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Basis of preparation – New or amended Standards and Interpretations effective after 1 January 2021 (continued)

- 2 The following are the new or amended Standards and Interpretations (issued by the ASC up to 30 September 2021) that are not yet applicable, but may be early adopted for the current financial year.

#### **Annual periods commencing on**

#### **Description**

1 April 2021

Amendments to:

- SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)

1 January 2022

Amendments to:

- SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
- SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use)
- SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)

Annual improvements to SFRS(I)s 2018-2020

1 January 2023

SFRS(I) 17 Insurance Contracts

Amendments to:

- SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
- SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- SFRS(I) 17 Insurance Contracts

To be determined

Amendments to:

- SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Basis of preparation – New or amended Standards and Interpretations effective after 1 January 2021 (continued)

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2.2. Revenue<sup>5</sup>

### (c) Wholesale of furniture and electronic equipment

The Group manufactures and sells a range of furniture and electronic equipment in the wholesale market. Sales are recognised when control of the products has transferred to its customer, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specified locations, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance terms have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

SFRS(I) 15  
(119(a), (c))  
SFRS(I) 15  
(125)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.2. Revenue (continued)

### (a) Wholesale of furniture and electronic equipment (continued)

Furniture is often sold with retrospective volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts<sup>4</sup>. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision. A provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. The claims are expected to be settled in the next financial year.

SFRS(I) 15  
(126(a), (c))

A receivable (financial asset) 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 payment is due.

SFRS(I) 15  
(119(b))

SFRS(I) 15  
(126(d))

SFRS(I) 15  
(117)

### (b) Retail of household furniture

The Group operates a chain of retail stores selling household furniture. Revenue from the sale of these goods is recognised at a point in time when the furniture is delivered to the customer.

SFRS(I) 15  
(119(a), (c))  
SFRS(I) 15  
(125)

Payment of the transaction price is due immediately when the customer purchases the furniture. However, the customer has a right to return the goods to the Group within 28 days of delivery to the customer. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognised for products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. The asset is measured by reference to the former carrying amount of the product. The costs to recover the products are not material, because the customer usually returns the product in a saleable condition at the store.

SFRS(I) 15  
(119(b), (d))

SFRS(I) 15  
(126(d))

The Group does not operate any customer loyalty programme<sup>1</sup>.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.2. Revenue (continued)

### (c) Logistics services

Revenue from logistics services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

SFRS(I) 15  
(119(a), (c))

SFRS(I) 15  
(124)

The customers are only invoiced once every two months. A contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

SFRS(I) 15  
(119(b))  
SFRS(I) 15  
(117)

### (d) Construction of specialised equipment

The construction division manufactures and produces specialised equipment for customers through fixed-price contracts. Revenue is recognised when the control over the specialised equipment has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the equipment over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

SFRS(I) 15  
(119(a), (c))  
SFRS(I) 15  
(123)

The specialised equipment has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment. The measure of progress is determined based on the proportion of contract costs incurred to date relative to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

SFRS(I) 15  
(123)

SFRS(I) 15  
(124)

For certain contracts where the Group does not have an enforceable right to payment, revenue is recognised only when the completed specialised equipment is delivered to the customers and the customers have accepted it in accordance with the sales contract.

SFRS(I) 15  
(125)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.2. Revenue (continued)

### (d) Construction of specialised equipment (continued)

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms are an industry practice to protect the customer from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money<sup>2,3</sup>.

SFRS(I) 15  
(119(b))

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

SFRS(I) 15  
(117)

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. 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.

SFRS(I) 15  
(95)

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

SFRS(I) 15  
(99)

SFRS(I) 15  
(101)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.2. Revenue (continued)

### (e) Interest income

Interest income from financial assets at FVPL is included as part of the net fair value gains or losses in "Other gains and losses". Interest income from financial assets at amortised cost and FVOCI is recognised using the effective interest rate method.

SFRS(I) 15 (5)  
SFRS(I) 9  
(5.4.1)

### (f) Dividend income

Dividend income is recognised when the right 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.

SFRS(I) 9  
(5.7.1A)





## Notes to the Financial Statements

For the financial year ended 31 December 2021

### Guidance notes

#### Revenue

- 1 The revenue recognition policy for each principal activity is required to be disclosed and the disclosure should be tailored to the entity's specific revenue sources and terms of business so as to provide the readers with information for a proper understanding of the policies. For example, the following disclosure can be considered if the Group operates a customer loyalty programme:

"The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discounts on future purchases. Revenue from the awarded points are recognised when the points are redeemed or when they expire 12 months after the initial sale.

#### Critical judgements in allocating the transaction price

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point based on the discount granted when the points are redeemed and on the likelihood of redemption. Likelihood of redemption is estimated using past experience and redemption forecasts. The stand-alone selling price of the product sold is estimated on the basis of the retail price. Discounts are not considered as they are only given in rare circumstances.

A contract liability is recognised until the points are redeemed or expire."

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Significant financing component

- 2 In this illustration, the Group does not have any significant financing component in its contracts with customers. For entities with significant financing component in its contracts with customers, the following disclosure can be considered:

SFRS(I) 15  
(60-65)

“An element of significant financing is deemed present for the Group’s construction of specialised equipment. In determining the transaction price, the Group adjusts the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.”

- 3 Entities electing the practical expedient on the accounting for significant financing component (where the period between the transfer of control of good or service and payment date is one year or less) may consider the following disclosure:

“The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.”

### Consideration payable to customers

- 4 In this illustration, the Group provides volume discounts, which are payments to customers where the payments are not for distinct goods or services from the customers.

SFRS(I) 15  
(70-72)

If the payment is for distinct goods or services received from the customer, the Group accounts for any excess of the consideration payable to the customer over the fair value of the distinct goods or services as a reduction of the transaction price. If the fair value of the goods or services received from the customer cannot be reliably estimated, the Group accounts for all of the consideration payable to the customer as a reduction of the transaction price.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Contract modifications

5 In this illustration, the Group does not have any significant contract modifications. Entities with contract modifications should account for contract modifications as follows:

- 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 or 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 a new transaction price that is then allocated to all remaining performance obligations.
- Contract modifications 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.

SFRS(I) 15  
(18-21)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

SFRS(I) 1-20  
(7)

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income<sup>1</sup>.

SFRS(I) 1-20  
(12)

Government grants relating to assets are deducted against the carrying amount of the assets<sup>2</sup>.

SFRS(I) 1-20  
(24)

### Guidance notes

#### Government grants

1 Grants relating to income or compensation for costs already incurred should be presented as a credit to the statement of comprehensive income, either separately or under a general heading such as "Other Income". Alternatively, they may be deducted in reporting the related expense.

SFRS(I) 1-20  
(29)

2 Grants relating to assets shall be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying value of the asset.

SFRS(I) 1-20  
(24)

Both methods are acceptable for the presentation of grants relating to income and assets, and this needs to be consistently applied for all similar grants. Management should apply judgement in determining which grants are similar for the presentation applied to the financial statements. Where the grants are dissimilar and different method of presentation is adopted in the financial statements, disclosure of this method of presentation and the basis in the accounting policy is required.

SFRS(I) 1-8  
(13)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.4 Group accounting<sup>1,3</sup>

### (a) Subsidiaries

#### (i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

SFRS(I) 10  
(5-7)

SFRS(I) 10  
(20)  
SFRS(I) 10  
(25)

In preparing the consolidated financial statements<sup>1,2</sup>, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

SFRS(I) 10  
(B86)

SFRS(I) 10  
(B87)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that 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 balance sheet. 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.

SFRS(I) 10  
(B94)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.4 Group accounting (continued)

### (a) Subsidiaries (continued)

#### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. SFRS(I) 3 (4)

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date. SFRS(I) 3 (37)

Acquisition-related costs are expensed as incurred. SFRS(I) 3 (53)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. SFRS(I) 3 (18), (20)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. SFRS(I) 3 (19)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill<sup>4</sup>. SFRS(I) 3 (32)

#### (iii) Disposals

When a change in the Group'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 are derecognised. Amounts previously 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 Standard. SFRS(I) 10 (B98)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals (continued)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

SFRS(I) 10  
(B98(b)(iii))

Please refer to the paragraph “Investments in subsidiaries, associates and joint ventures” for the accounting policy on investments in subsidiaries in the separate financial statements of the Company<sup>1</sup>.

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### Guidance notes

#### Group accounting – (a) Subsidiaries

##### Exemption from preparing consolidated financial statements

1 When a parent is exempted under paragraph 4(a) of SFRS(I) 10 from preparing consolidated financial statements and elects to use the exemption and prepare separate financial statements of the company, the following disclosure can be considered:

SFRS(I) 10  
(4(a))

“These financial statements are the separate financial statements of [Company name]. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is [a wholly-owned subsidiary of PwC Corporate Limited, a Singapore-incorporated company which produces consolidated financial statements available for public use that comply with SFRS(I)s or IFRS]. The registered office of PwC Corporate Limited, where those consolidated financial statements can be obtained, is as follows: 320 Pier Street, #17-00 Singapore 049900.”

SFRS(I) 1-27  
(16(a))

The exempted parent that elects to prepare separate financial statements shall also disclose a list of significant investments in subsidiaries, joint ventures and associates, including the name, principal place of business (and if different, country of incorporation), proportion of ownership interest (and if different, proportion of voting rights held) and a description of the method used to account for these investments.

SFRS(I) 1-27  
(16(b, c))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Group accounting – (a) Subsidiaries (continued)

#### Exception to consolidation – when a parent is an investment entity

- 2 When an investment entity that is a parent (other than a parent covered by paragraph 16 of SFRS(I) 1-27) prepares, in accordance with paragraph 8A of SFRS(I) 1-27 Separate Financial Statements as its only financial statements, the following disclosure should be considered:

SFRS(I) 10  
(31)

“These financial statements are the separate financial statements of [Company name]. The Company has not prepared consolidated financial statements as the Company has determined that it meets the definition of an Investment Entity per paragraph 27 of SFRS(I) 10 Consolidated Financial Statements. Accordingly, the Company has measured its investment in subsidiaries at fair value through profit or loss in accordance with SFRS(I) 9 Financial Instruments.”

SFRS(I) 1-27  
(16A)

The investment entity that is a parent shall also present the disclosures relating to investment entities required by SFRS(I) 12 Disclosure of Interests in Other Entities.

SFRS(I) 12  
(9A – B),  
(19A-G)  
SFRS(I) 1-27  
(16A)

#### Reporting dates of parent and its subsidiaries

- 3 This publication illustrates the situation where the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements have the same reporting date. Where it is impracticable to do so, the parent may use financial statements of a subsidiary as of a different reporting date provided the difference in periods does not exceed three months, adjustments are made for the effects of significant transactions or events occurring during that period, and the length of reporting periods and any difference in the reporting dates are the same from period to period. Where this occurs, the reporting date of the financial statements of the subsidiary shall be disclosed, together with the reason for using a different reporting date or period.

SFRS(I) 10  
(B92), (B93)

SFRS(I) 12  
(11)

A similar requirement applies to the financial statements of associates and joint ventures used for the purpose of equity accounting.

SFRS(I) 12  
(22(b))





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Group accounting – (a) Subsidiaries (continued)

#### Bargain purchase

- 4 When the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference – often referred to as “negative goodwill” – is recognised in profit or loss. The following is an illustrative disclosure when “negative goodwill” arises on an acquisition of business (to be inserted after the sentence describing the computation of goodwill):

SFRS(I) 3 (34)

“If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.”

Before recognising a gain on a bargain purchase, management shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review. The objective is to ensure that measurements appropriately reflect consideration of all available information as of the acquisition date.

SFRS(I) 3 (36)

For further information, please refer to Application Guidance B64(n) of SFRS(I) 3.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.4 Group accounting (continued)

### (b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

SFRS(I) 10  
(23)  
SFRS(I) 10  
(B96)

### (c) Associates and joint ventures<sup>1,2,4,5</sup>

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

SFRS(I) 1-28  
(5)

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

SFRS(I) 11  
(16)

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

SFRS(I) 1-28  
(16)

#### (i) Acquisition

Investments in associates and joint ventures 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. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates or joint ventures over the Group's share of the fair value of the identifiable net assets of the associates or joint ventures and is included in the carrying amount of the investments<sup>4</sup>.

SFRS(I) 1-27  
(10(a))

SFRS(I) 1-28  
(32(a))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.4 Group accounting (continued)

### (c) Associates and joint ventures (continued)

#### (ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associates or joint venture equals to or exceeds its interest in the associates or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates or joint venture. If the associates or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associates or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

SFRS(I) 1-28  
(10)

SFRS(I) 1-28  
(38), (39)

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

SFRS(I) 1-28  
(28)

SFRS(I) 1-28  
(29)  
SFRS(I) 1-28  
(35), (36)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.4 Group accounting (continued)

### (c) Associates and joint ventures (continued)

#### (iii) Disposals

Investments in associates or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associates or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss<sup>3</sup>.

SFRS(I) 1-28  
(22(b))

Please refer to the paragraph “Investments in subsidiaries, associates, and joint ventures” for the accounting policy on investments in associates and joint ventures in the separate financial statements of the Company.

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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Group accounting – (c) Associates and joint ventures

#### Reporting dates of investor and its associates

- 1 Please refer to guidance note 3 under Group accounting – (a) Subsidiaries.

SFRS(I) 1-28  
(33), (34)

#### Exemptions from applying equity accounting

- 2 Exemption from applying equity accounting to its investments in associates or joint ventures is available to an entity when it meets the same conditions as those required under SFRS(I) 10 to be exempted from preparing consolidated financial statements. Please refer to guidance note 1 under Group accounting – (a) Subsidiaries.

SFRS(I) 1-28  
(17)

In addition, when an investment in associates or joint venture, or a portion of an investment in associates or joint venture, is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities, the entity may elect to measure investments in those associates and joint ventures, or the portion of those investments, at fair value through profit or loss in accordance with SFRS(I) 9. An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

SFRS(I) 1-28  
(18), (19)

#### Decrease in interest in associates

- 3 When significant influence or joint control is not lost, only a proportionate share of the amounts previously recognised in other comprehensive income relating to that associate or joint venture are reclassified to profit or loss and form part of the gain or loss on partial disposal. On the other hand, when significant influence or joint control is lost, the entire amounts previously recognised in other comprehensive income relating to that associate or joint venture are reclassified to profit or loss.

SFRS(I) 1-28  
(25)

SFRS(I) 1-28  
(22(c)), (23)

#### Bargain purchase

- 4 On acquisition of the investment, when the Group's share of the fair value of the identifiable net assets of the associates or joint venture exceeds the cost of acquisition paid by the Group, the excess is recognised in profit and loss as part of the share of profit from associates.

SFRS(I) 1-28  
(32(b))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Group accounting – (c) Associates and joint ventures (continued)

#### Joint operations

- 5 When the joint arrangement is classified as a joint operation, the following disclosure should be considered:

"The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

SFRS(I) 11  
(15)

The Group recognises, in relation to its interest in the joint operation:

SFRS(I) 11  
(20)

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

SFRS(I) 11  
(B34), (B35)

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to a third party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

SFRS(I) 11  
(B36), (B37)

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

SFRS(I) 11  
(21)

The Company applies the same accounting policy on joint operations in its separate financial statements."

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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.5 Property, plant and equipment

### (a) Measurement<sup>1-4</sup>

#### (i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

SFRS(I) 1-16  
(15, 31)

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

SFRS(I) 1-16  
(34)

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

SFRS(I) 1-16  
(39)  
SFRS(I) 1-21  
(30)  
SFRS(I) 1-16  
(40)

#### (ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

SFRS(I) 1-16  
(15,30)

#### (iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable<sup>5</sup> to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs) and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

SFRS(I) 1-16  
(16,17)

SFRS(I) 1-23  
(10,11)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Property, plant and equipment (“PPE”) – (a) Measurement

#### Method of accounting

- 1 An item of PPE shall be initially measured at cost, but can be subsequently measured using either the cost model (as illustrated in Note 2.5(a)(ii)) or the revaluation model (as illustrated in Note 2.5(a)(i)).

SFRS(I) 1-16  
(29)

The elected policy shall be applied consistently to an entire class of PPE. A class of PPE is a grouping of assets of a similar nature and use in an entity's operations.

SFRS(I) 1-16  
(37)

#### Provision for dismantlement, removal or restoration

- 2 The initial estimate of the cost of dismantlement, removal or restoration is recognised as part of the cost of PPE if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period. For an illustration of the accounting policy and other disclosures, please refer to Appendix 1 Example 2.

SFRS(I) 1-16  
(16(c))

#### Computer software licence and development costs

- 3 Computer software licence and development costs shall be accounted for as intangible assets using SFRS(I) 1-38 when they are not an integral part to the related hardware. Computer software that is an integral part to the related hardware shall be accounted for as PPE using SFRS(I) 1-16.

SFRS(I) 1-38  
(4)

#### Spare parts and servicing equipment

- 4 Minor spare parts and servicing equipment are typically carried as inventory and recognised in profit or loss as consumed. Major spare parts and stand-by equipment are carried as PPE when an entity expects to use them during more than one period or when they can be used only in connection with an item of PPE.

SFRS(I) 1-16  
(8)

#### Directly attributable costs – Self-constructed assets

- 5 The initial cost of an item of PPE shall include any costs that are 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. While this may be relatively straightforward for items of PPE that are acquired, determining the production cost of a self-constructed asset may be more complex. Such production cost would normally comprise costs associated with material, labour and other inputs used in the construction. It would exclude other costs such as start-up costs, administrative and other general overhead costs, advertising and training costs that should be recognised as an expense when incurred.

SFRS(I) 1-16  
(16(b), 17, 19,  
21, 22)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.5 Property, plant and equipment (continued)

### (b) Depreciation<sup>6</sup>

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

SFRS(I) 1-16  
(50, 73(b),  
73(c))

	<u>Useful lives</u>
Leasehold land <sup>7</sup>	99 years
Buildings	25 – 50 years
Motor vehicles	4 years
Plant and equipment	5 – 10 years

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

SFRS(I) 1-16  
(51, 61)

### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

SFRS(I) 1-16  
(12), (13)

### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other losses”. Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

SFRS(I) 1-16  
(67), (68), (71)

SFRS(I) 1-16  
(41)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Property, plant and equipment (“PPE”) – (b) Depreciation

#### Component approach to depreciation

- 6 Parts of some items of PPE may require replacements or major overhauls at regular intervals. An entity allocates the amount initially recognised in respect of an item of PPE to its significant parts and depreciates separately each significant part if those parts have different useful lives. The entity capitalises the cost of the replacements when (i) it is probable that future economic benefits associated with the item will flow to the entity; and (ii) the cost of the item can be reliably measured. The carrying amount of the replaced parts is derecognised.

SFRS(I) 1-16  
(7), (13), (14),  
(43)

If the amount is material, a suggested disclosure is as follows:

“The [specific class of plant and equipment] are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated over a period of [years] in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.”

#### Depreciation of leasehold land

- 7 Leasehold land is included as part of the carrying amount of ROU assets in Note 27 Leases and subject to the disclosure requirements under SFRS(I) 16.

The leasehold land is depreciated over the shorter of its lease term and useful life. The useful life is the period over which an asset is expected to be available for use by an entity. When assessing the useful life of an asset, all commercial, technical and legal factors, as well as the asset’s expected utility to the entity should be considered.

SFRS(I) 16  
(32)

SFRS(I) 1-16  
(56, 57)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.6 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

SFRS(I) 3 (32)

Goodwill on acquisitions of joint ventures and associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

SFRS(I) 1-28  
(32)(a)

Gains and losses on the disposal of subsidiaries, joint ventures and associates include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks and licences

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 10 to 15 years, which is the shorter of their estimated useful lives and periods of contractual rights.

SFRS(I) 1-38  
(74)  
SFRS(I) 1-38  
(118)(a), (b)  
SFRS(I) 1-38  
(94), (97)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.6 Intangible assets (continued)

### (c) Acquired computer software licences<sup>1</sup>

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

SFRS(I) 1-38  
(24)

SFRS(I) 1-38  
(27,28)

SFRS(I) 1-38  
(66,67)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

SFRS(I) 1-38  
(74), (118)(a),  
(b)  
SFRS(I) 1-38  
(97)

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

SFRS(I) 1-38  
(104)

## Guidance notes

### Intangible assets

#### Development of software

- 1 If an entity is involved in research and development activities, the following disclosure is suggested (using the example of the development of a computer software):

SFRS(I) 1-38  
(57)

“Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.”



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.7 Borrowing costs<sup>1</sup>

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

SFRS(I) 1-23  
(8), (12), (14)

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

### Guidance notes

#### Borrowing costs

##### Capitalisation of general borrowing costs

- Where funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation can be determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate should be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

SFRS(I) 1-23  
(14)

The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during the period.

- The amendments to SFRS(I) 1-23 clarified that if a specific borrowing remains outstanding when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete, the specific borrowing becomes part of the general borrowings. These amendments are effective for annual periods beginning on or after 1 January 2019. The entity shall apply those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

##### Capitalisation of borrowing costs in respect of lease liabilities

- Borrowing costs may include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16.

SFRS(I) 1-23  
(6)(d)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.8 Investment properties<sup>1-4</sup>

Investment properties include those portions <sup>1</sup> of office buildings that are held for long-term rental yields and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.	SFRS(I) 1-40 (5), (10)  SFRS(I) 1-40 (8)
Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.	SFRS(I) 1-40 (20), (30), (35) (75)(a)
Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.	SFRS(I) 1-40 (17)  SFRS(I) 1-40 (18), (19)
On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.	SFRS(I) 1-40 (69)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment properties

#### Classification as investment property

- 1 When judgement is required to determine the portions of investment property, owner-occupied property and property held-for-sale in the ordinary course of business, the entity shall disclose the criteria used to distinguish them and the judgement involved. In some cases, an entity provides ancillary services to the occupants of a property it holds. An entity treats such a property as investment property if the services are insignificant to the arrangement as a whole. An example is when the owner of an office building provides security and maintenance services to the lessees who occupy the building.

SFRS(I) 1-40  
(75)(c)  
SFRS(I) 1-1  
(122)  
SFRS(I) 1-40  
(11)

#### Cost model

- 2 An entity shall choose either fair value model or cost model for all of its investment properties. A reporting entity which applied the cost model may disclose the accounting policy as follows:

SFRS(I) 1-40  
(30)

“Investment properties comprise significant portions of freehold office buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are 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 over the estimated useful lives of [ ] years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise .....

SFRS(I) 1-40  
(56)

SFRS(I) 1-40  
(79(a, b))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment properties (continued)

#### Cost model (continued)

When the cost model is applied, **the fair value of investment property shall be disclosed at each reporting date**. In the exceptional cases when an entity cannot determine the fair value of investment property reliably, it shall disclose:

SFRS(I) 1-40  
(79)(e)

- (a) a description of the investment property;
- (b) an explanation of why fair value cannot be determined reliably; and
- (c) if possible, the range of estimates within which fair value is highly likely to lie.

#### Determination of fair value

- 3 Under SFRS(I) 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

SFRS(I) 1-40  
(5)  
SFRS(I) 13  
(27-33)

#### Transfer in and out of investment properties

- 4 There are specific recognition and/or measurement requirements dealing with transfers from investment properties to property, plant and equipment or inventories and vice versa. Please refer to paragraphs 57-65 of SFRS(I) 1-40 for details.





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.9 Investments in subsidiaries, associates, and joint ventures<sup>1-4</sup>

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

SFRS(I) 1-27  
(10(a))

### Guidance notes

#### Investments in subsidiaries, associates and joint ventures

##### Investments accounted for in accordance with SFRS(I) 9 and SFRS(I) 1-28

- 1 When separate financial statements of the Company are prepared, investments in subsidiaries, associates and joint ventures that are not classified as held-for-sale, shall be accounted for either: (a) at cost; (b) in accordance with SFRS(I) 9; or (c) equity method as described in SFRS(I) 1-28.
- 2 If an entity elects, in accordance with paragraph 18 of SFRS(I) 1-28, to measure its investments in associates and joint ventures at fair value through profit or loss in accordance with SFRS(I) 9, it shall also account for those investments in the same way in its separate financial statements.
- 3 If a parent is required, in accordance with paragraph 31 of SFRS(I) 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with SFRS(I) 9, it shall also account for its investment in a subsidiary in the same way in its separate financial statements.

SFRS(I) 1-27  
(10)

SFRS(I) 1-27  
(11)

SFRS(I) 1-27  
(11A)

##### Dividends received from subsidiaries, associates and joint ventures

- 4 The receipt of a dividend from a subsidiary, associates or a joint venture is an indicator of impairment of the relevant investment when:
  - (a) the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or
  - (b) the dividend exceeds the total comprehensive income of the subsidiary, associate or joint venture in the period the dividend is declared.

SFRS(I) 1-36  
(12)(h))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.10 Impairment of non-financial assets

### (a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

SFRS(I) 1-36  
(9), (10)(b)

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

SFRS(I) 1-36  
(80)

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

SFRS(I) 1-36  
(8), (90)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

SFRS(I) 1-36  
(104)

An impairment loss on goodwill is recognised as an expense and is not reversed<sup>1</sup> in a subsequent period.

SFRS(I) 1-36  
(60), (124)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.10 Impairment of non-financial assets (continued)

- (b) Intangible assets  
Property, plant and equipment  
Right-of-use assets  
Investments in subsidiaries, associates and joint ventures

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

SFRS(I) 1-36  
(9), (10)(a)  
SFRS(I) 1-28  
(42)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

SFRS(I) 1-36  
(22)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

SFRS(I) 1-36  
(59)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

SFRS(I) 1-36  
(60)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.10 Impairment of non-financial assets (continued)

- (b) Intangible assets
  - Property, plant and equipment
  - Right-of-use assets
  - Investments in subsidiaries, associates and joint ventures (continued)

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

SFRS(I) 1-36  
(110)

SFRS(I) 1-36  
(114)

SFRS(I) 1-36  
(117)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount<sup>2</sup>, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

SFRS(I) 1-36  
(119)

### Guidance notes

#### Impairment of non-financial assets

##### Impairment loss on goodwill

- 1 An entity shall not reverse an impairment loss recognised in a previous interim period (e.g. in the quarterly financial announcement) in the annual period end financial statements in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

SFRS(I)  
INT10 (8)

##### Assets carried at revalued amounts

- 2 In this illustration, certain classes of non-financial assets are carried at their revalued amounts. The disclosures related to revalued amounts shall be removed if the Group applies only the cost model for all non-financial assets.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.11 Financial assets

### (a) Classification and measurement

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

SFRS(I) 9  
(4.1.1)

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

SFRS(I) 9  
(4.1.2),  
(4.1.2.A),  
(4.1.4)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

SFRS(I) 9  
(4.3.2)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

SFRS(I) 9  
(4.4.1)

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

SFRS(I) 9  
(5.1.1)

#### At subsequent measurement

### (i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

SFRS(I) 9  
(5.2.1),  
(4.1.1)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.11 Financial assets (continued)

### (a) Classification and measurement (continued)

#### At subsequent measurement (continued)

#### (i) Debt instruments (continued)

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

SFRS(I) 9  
(4.1.2)
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

SFRS(I) 9  
(4.1.2A)

SFRS(I) 9  
(5.7.10)
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

SFRS(I) 9  
(4.1.4)

SFRS(I) 9  
(5.7.1)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.11 Financial assets (continued)

### (a) Classification and measurement (continued)

#### At subsequent measurement (continued)

#### (ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains and losses”, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value gains / losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

SFRS(I) 9  
(4.1.4),  
(5.7.5),  
(5.7.6)

SFRS(I) 7  
(11A(b))

SFRS(I) 9  
(5.7.1A)

#### (b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42 details how the Group determines whether there has been a significant increase in credit risk.

SFRS(I) 9  
(5.5.17),  
(5.2.2)

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

SFRS(I) 9  
(5.5.15)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.11 Financial assets (continued)

### (c) 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.

SFRS(I) 9  
(3.1.2)

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.

SFRS(I) 9  
(3.2.3),  
(3.2.6)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

SFRS(I) 9  
(B5.7.1)

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.

SFRS(I) 9  
(3.2.15)

## 2.12 Derivatives financial instruments and hedging activities

SFRS(I) 7  
(21A)

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

SFRS(I) 9  
(4.1.4),  
(5.1.1), (5.2.3)

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.12 Derivatives financial instruments and hedging activities (continued)

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

SFRS(I) 9  
(6.4.1(a), (b))

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 15. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

SFRS(I) 1-1  
(66), (69)

The following hedges in place qualified respectively as fair value, cash flow, and net investment hedges under SFRS(I) 9.

### (a) Fair value hedge

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot component of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other gains and losses".

SFRS(I) 9  
(6.5.8)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.12 Derivatives financial instruments and hedging activities (continued)

### (b) Cash flow hedge

#### (i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

SFRS(I) 9  
(6.5.11)

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss and presented separately in "Finance expense". The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

#### (ii) Currency forwards

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item is recognised as an asset on the balance sheet, as follows:

SFRS(I) 9  
(6.5.11)

- The gain or loss relating to the effective portion of the spot component of forward contracts is treated as follows: Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory, property, plant and equipment), the deferred hedging gains and losses are included within the initial cost of the asset.
- The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

SFRS(I) 9  
(6.5.11(d)(i))

SFRS(I) 9  
(6.5.11(c))

SFRS(I) 9  
(6.5.12(b))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.12 Derivatives financial instruments and hedging activities (continued)

### (b) Cash flow hedge (continued)

#### (ii) Currency forwards (continued)

SFRS(I) 9  
(6.5.12)

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory.

### (c) Net investment hedge

The Group has foreign currency borrowings that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the borrowings relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

SFRS(I) 9  
(6.5.13),  
(6.5.14)

## 2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

SFRS(I)  
1-32 (42)

## 2.14 Financial guarantees<sup>1-4</sup>

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

SFRS(I) 9  
(4.2.1(c)),  
(5.1.1)

- (a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss allowance computed using the impairment methodology under Note 2.11.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial guarantees

#### Definition of financial guarantee

- 1 A financial guarantee 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 in accordance with the original or modified terms of a debt instrument. Where the financial guarantee is given with respect to a banking facility, that facility must be drawn down before the definition of financial guarantee is met as a debt (or debtor) only comes into existence upon draw-down.

SFRS(I) 9  
App A

#### Financial guarantees versus insurance contracts

- 2 Financial guarantees shall be accounted for under SFRS(I) 9, unless the issuer has previously asserted explicitly that it regards them as insurance contracts and has accounted for them as insurance contracts under SFRS(I) 4. The issuer shall make the election contract by contract, but once the election is made, it is irrevocable.

SFRS(I) 4  
(4(d))  
SFRS(I) 9  
(2.1(e))

#### Financial guarantees for associates and joint ventures

- 3 Where the entity has issued financial guarantees to banks for bank borrowings of its associates and joint ventures, these financial guarantees shall be recognised in both the entity's separate and consolidated financial statements as these transactions will not be fully eliminated on equity accounting or proportionate consolidation. The relevant disclosures as required by SFRS(I) 1-24 shall also be made.
- 4 Where a subsidiary has issued corporate guarantees to banks for borrowings of third parties, such financial guarantees are similarly accounted for in the Group's consolidated financial statements.

SFRS(I) 1-24  
(21)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.15 Borrowings

Borrowings are presented as current liabilities<sup>1</sup> unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities<sup>2</sup>.

SFRS(I) 1-1  
(69)

### (a) Borrowings<sup>3,4,6</sup>

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

SFRS(I) 9  
(5.3.1), (5.3.2)

### (b) Redeemable preference shares<sup>5</sup>

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised as finance expenses.

SFRS(I) 1-32  
(18(a)), (36)

### (c) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

SFRS(I) 1-32  
(28)

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

SFRS(I) 1-32  
AG31(a)

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

SFRS(I) 1-32  
(31)

SFRS(I) 1-32  
AG32

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Current/non-current classification of borrowings

- 1 When an entity breaches an undertaking under a long-term loan agreement on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the balance sheet date, the entity does not have an unconditional right to defer its settlement for at least twelve months after the date.
- 2 Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the balance sheet date under an existing loan facility with the same lender, on the same or similar terms, the liability is classified as non-current. Refer to guidance note 3 of Note 31 for more information. For disclosures relating to defaults and breaches of loans payable, please refer to illustrative disclosures in Appendix 1 example 4.

SFRS(I) 1-1  
(74)

SFRS(I) 1-1  
(73)

### Derecognition

- 3 Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

SFRS(I) 9  
(3.3.1)

### Modification of contractual cash flows

- 4 When the contractual cash flows of a financial instrument are modified and does not result in derecognition, differences between the recalculated gross carrying amount and the carrying amount before modification is recognised in profit or loss as modification gain or loss, at the date of modification.

SFRS(I) 9  
(5.4.3)

### Classification of preference shares

- 5 Preference shares that are redeemable on a specific date or at the option of the shareholder, or carry non-discretionary dividend obligations, shall be classified as liabilities. As for non-redeemable preference shares, their terms and conditions shall be critically evaluated using the criteria in SFRS(I) 1-32 to determine whether they shall be classified as a liabilities or equity.

SFRS(I) 1-32  
(15), (16),  
(18(a))

### Facility fees

- 6 Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

SFRS(I) 1-1  
(69)

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

SFRS(I) 9  
(4.2.1), (5.1.1)

## 2.17 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

SFRS(I) 16 (9)

SFRS(I) 16  
(11)

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost<sup>1</sup> which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

SFRS(I) 16  
(22)

SFRS(I) 16  
(24)

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

SFRS(I) 16  
(31), (32)

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

SFRS(I) 16  
(47)

Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2.8.

SFRS(I) 16  
(48)

## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 2.17 Leases (continued)

(a) When the Group is the lessee (continued):

- Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate. SFRS(I) 16  
(26)

Lease payments include the following: SFRS(I) 16  
(27)

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component. SFRS(I) 16  
(13)  
SFRS(I) 16  
(15)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.17 Leases (continued)

### (a) When the Group is the lessee (continued):

- Lease liabilities (continued)

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

SFRS(I) 16  
(36), (40(b),  
(42(b))

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

SFRS(I) 16  
(39)

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

SFRS(I) 16 (6),  
(60)

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 27.

SFRS(I) 16  
(38)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.17 Leases (continued)

### (b) When the Group is the lessor:

The Group leases equipment under finance leases and office spaces, retail stores and investment properties under operating leases to non-related parties.

#### • Lessor – Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

SFRS(I) 16  
(61), (62)

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

SFRS(I) 16  
(67)

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

SFRS(I) 16  
(76)

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

SFRS(I) 16  
(69)

#### • Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

SFRS(I) 16  
(61), (62)

SFRS(I) 16  
(81)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

SFRS(I) 16  
(83)

Contingent rents are recognised as income in profit or loss when earned.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.17 Leases (continued)

(c) When the Group is the lessor (continued):

- Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

SFRS(I) 16  
(B58(b))

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables"<sup>2</sup>. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from the sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

SFRS(I) 16  
(17)

### Guidance notes

#### Restoration cost

1. Restoration cost is not illustrated in PwC Holdings Ltd. Such a cost should be included in the carrying amount of the ROU assets. For an illustration of the accounting policy and other disclosures, please refer to Appendix 1 Example 2.

#### Offsetting between the lease receivables and liabilities

2. In the case where the intermediate lessor classifies the sublease as a finance lease, the lease receivable arising from the sublease shall not be offset against the remaining lease liabilities from the head lease.

#### Disclosures relating to rent concessions

3. For disclosures relating to rent concessions provided during the COVID-19 pandemic, please refer to illustrative disclosures in Appendix 2 example 2(a) for disclosures on application of SFRS(I) 16 Leases (Covid-19 Related Rent Concessions).



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.18 Inventories<sup>1-4</sup>

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

SFRS(I) 1-2  
(9), (25),  
(36(a)), (10)

SFRS(I) 9  
(6.5.11)(d)(i)

SFRS(I) 1-2 (6)

### Guidance notes

#### Inventories

##### Cost of inventories

- 1 Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- 2 Costs of purchase comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.
- 3 Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition. For example, it may be appropriate to include non-production overheads or the costs of designing products for specific customers in the cost of inventories.

SFRS(I) 1-2  
(10-18)

SFRS(I) 1-2  
(11)

SFRS(I) 1-2  
(15,16)

Please refer to paragraph 16 of SFRS(I) 1-2 for examples of costs excluded from the cost of inventories.

- 4 Where applicable, costs of inventories may include borrowing costs if inventories are assessed to be qualifying assets.

SFRS(I) 1-23  
(7)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

SFRS(I) 1-12 (46)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when 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 affects neither accounting nor taxable profit or loss at the time of the transaction.

SFRS(I) 1-12 (15)(b)(i), (ii)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

SFRS(I) 1-12 (39)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

SFRS(I) 1-12 (24), (34), (44)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

SFRS(I) 1-12 (47)

SFRS(I) 1-12 (51)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

SFRS(I) 1-12 (58), (61A), (66)

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

SFRS(I) 1-12 (34)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.20 Provisions<sup>1</sup>

Provisions for warranty, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

SFRS(I) 1-37  
(14), (23)

SFRS(I) 1-37  
(72), (63)

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

SFRS(I) 1-37  
IG AppC  
Example 1

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

SFRS(I) 1-37  
(45), (47)

SFRS(I) 1-37  
(60)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

SFRS(I) 1-37  
(59)

### Guidance notes

#### Provisions

##### Onerous contracts

- 1 If the entity has any onerous contract, the following disclosure is suggested:

SFRS(I) 1-37  
(66)

“Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.”



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.21 Employee compensation<sup>1</sup>

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset. SFRS(I) 1-19  
(11)(b)

### (a) 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 on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. SFRS(I) 1-19  
(8)

### (b) Share-based compensation<sup>2-4</sup>

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. SFRS(I) 2  
(2)(a)

SFRS(I) 2 (7,8)

SFRS(I) 2 (16)

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period. SFRS(I) 2 (19)

SFRS(I) 2 (20)

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees<sup>5</sup>.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.21 Employee compensation (continued)

### (c) Termination benefits<sup>6</sup>

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

SFRS(I) 1-19  
(159)

SFRS(I) 1-19  
(165)

SFRS(I) 1-19  
(169)(b)

### Guidance notes

#### Employee compensation

##### Defined benefit plan

- 1 Defined benefit pension or medical obligation is mandatory in some countries. Where the Group has a material defined benefit pension plan and/ or post-employment medical plan, the suggested disclosure included in Appendix 1 Example 3 can be made.

##### Share-based compensation – Cash-settled plan

- 2 If the Group operates a cash-settled share-based compensation plan, the following disclosure is suggested:

SFRS(I) 2 (30)

“For cash-settled share-based compensation, the fair value of the employee services received in exchange for the grant of options is recognised as an expense with the recognition of a corresponding liability over the vesting period. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in profit or loss.”

##### Group share-based payment arrangements

- 3 A share-based payment transaction may be settled by another group entity (or a shareholder of any group entity) on behalf of the reporting entity who receives the services. SFRS(I) 2 is applicable in such cases.

SFRS(I) 2 (3A)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Employee compensation (continued)

#### Share-based compensation – Modification

- 4 If there is any modification of the share option plan, the following disclosure is suggested:

“Where the terms of the share option plan are modified, the expense that is not yet recognised for the award is recognised over the remaining vesting period as if the terms had not been modified. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of the modification.”

SFRS(I) 2 (27)

#### Share-based compensation – Transfer of share option reserve

- 5 The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to retained profits upon expiry of the option are not mandatory. Alternatively, the share option reserve may be kept as a separate reserve upon expiry or exercise of the option. It may also be transferred to retained profits upon exercise of the option.

SFRS(I) 2 (23)

#### Termination benefits versus post-employment benefits

- 6 Some termination benefits are payable regardless of the reason for the employee's departure. Although these benefits are described in some countries as termination indemnities or termination gratuities, they can be post-employment benefits, rather than termination benefits.

SFRS(I) 1-19  
(164)

#### Post-employment benefits versus other long-term benefits

- 7 In circumstances where employees are entitled to one month of their final pay for every year of completed service and these payments are made in full at the point of retirement, these benefits shall be accounted for as “other long-term employee benefits” in accordance with SFRS(1) 1-19.

SFRS(I) 1-19  
(153)

The measurement of these benefits follows that of post-employment defined benefits except that remeasurements are not recognised in other comprehensive income.

SFRS(I) 1-19  
(154)

#### Profit sharing and bonus plans

- 8 If such benefits are material, the following disclosure is suggested: “The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.”

SFRS(I) 1-19  
(19)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Employee compensation (continued)

#### Profit sharing and bonus plans (continued)

- 9 Under some profit-sharing or deferred bonus plans, employees receive a share of the profits/bonus only if they remain with the entity for a specified period in the future. The measurement of such benefit shall reflect the possibility that some employees may leave without receiving the profit-sharing payment. A liability for the benefit shall be accrued over the vesting period.

SFRS(I) 1-19  
(20)

#### Short-term compensated absences

- 10 If such benefits are material, the following disclosure is suggested:

“Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.”

SFRS(I) 1-19  
(16)

## 2.22 Currency translation

- (a) 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 the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars (“SGD” or “\$”), which is the functional currency of the Company.

SFRS(I) 1-21  
(8)  
SFRS(I) 1-1  
(51)

## Guidance notes

### Currency translation – (a) Functional and presentation currency

- 1 Where there is a change in the functional currency of either the reporting entity or a significant foreign operation, that fact and reason for the change in the functional currency shall be disclosed.
- 2 When the financial statements are presented in a currency different from the company’s functional currency, the following are required to be disclosed:
- (i) the company’s functional currency; and
  - (ii) the reason for using a different currency as its presentation currency.
- 3 Where a non-Singapore Dollar presentation currency is used for a Singapore-incorporated entity, it is recommended as a best practice to prominently denote this fact.

SFRS(I) 1-21  
(54)

SFRS(I) 1-21  
(53)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.22 Currency translation (continued)

### (b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

SFRS(I) 1-21  
(21)

SFRS(I) 1-21  
(23(a)), (28)

SFRS(I) 1-21  
(32)  
SFRS(I) 9  
(6.5.13)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

SFRS(I) 1-21  
(48)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within “finance expense”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “other losses”.

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.

SFRS(I) 1-21  
(23(c))

### (c) 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 presentation currency are translated into the presentation currency as follows:

SFRS(I) 1-21  
(39)

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (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

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.22 Currency translation (continued)

### (c) Translation of Group entities' financial statements (continued)

- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

SFRS(I) 1-21  
(48)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

SFRS(I) 1-21  
(47)

## 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

SFRS(I) 8  
(5(b))

## 2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

SFRS(I) 1-7  
(45)

## 2.25 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

SFRS(I) 1-32  
(35)

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

SFRS(I) 1-32  
(33)

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 2.25 Share capital and treasury shares (continued)

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

SFRS(I) 1-32  
(33)

### Guidance notes

#### Share capital and treasury shares

- 1 SFRS(I) 1-32 requires directly attributable costs relating to equity transactions to be recognised in equity, but does not specify which equity account. Accordingly, these costs may also be recognised against retained profits.

SFRS(I) 1-32  
(35)

## 2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

SFRS(I) 1-32  
(35)

## 2.27 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried 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. The assets are not depreciated or amortised while they are classified as held-for-sale. 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.

SFRS(I) 5 (6),  
(15)

SFRS(I) 5 (1),  
(25)  
SFRS(I) 5  
(20)

SFRS(I) 5  
(22)

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

SFRS(I) 5  
(32)

- a) represents a separate major line of business or geographical area of operations; or
- b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- c) is a subsidiary acquired exclusively with a view to resale.

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# Notes to the Financial Statements





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

SFRS(I) 1-  
1(122),  
(125), (126),  
(129)

### 3.1 Critical accounting estimates and assumptions

#### (a) Determination of stand-alone selling price

Some fixed-price specialised equipment contracts include an allowance for one free-of-charge major parts replacement per contract period up to a specified value. Because these contracts include two performance obligations, the transaction price must be allocated to the performance obligations on a relative standalone selling price basis. Management estimates the stand-alone selling price at contract inception based on observable prices of the type of hardware likely to be provided and the services rendered in similar circumstances to similar customers. Discounts granted are allocated to both performance obligations based on their relative stand-alone selling prices.

SFRS(I) 15  
(123), (126(c))

#### (b) Estimation of total contract costs

The Group has significant ongoing contracts to construct specialised equipment. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

SFRS(I) 15  
(123)

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total unavoidable costs of meeting the obligations under the contract exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

SFRS(I) 1-37  
(66)

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of the surveying engineers to determine the progress of the construction and also on past experience of completed projects.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 3.1 Critical accounting estimates and assumptions (continued)

### (b) Estimation of total contract costs (continued)

As at 31 December 2021, \$2,000,000 of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's revenue and contract assets would have been lower/higher by \$230,000 and \$210,000 respectively. If the total contract costs of on-going contracts to be incurred had been higher by 10% from management's estimates, a provision for onerous contracts of \$900,000 would have been recognised.

### (c) Impairment of goodwill

The Group has recognised an impairment charge on its goodwill of \$500,000 during the financial year which resulted in the carrying amount of goodwill as at 31 December 2021 to reduce to \$11,118,000, as disclosed in Note 29(a).

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 29(a), the recoverable amounts of the cash-generating units ("CGUs") in which goodwill is attributable to, are determined using value-in-use ("VIU") calculation.

SFRS(I) 1-36  
(130(e))

Significant judgements are used to estimate the gross margin, weighted average growth rates and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance, its expectations of market developments in Singapore, China and Philippines, the industry trends for electronic component parts and industries of household and office furniture. Specific estimates are disclosed in Note 29(a).

SFRS(I) 1-36  
(134)

For its goodwill attributable to Singapore component parts CGU:

- If the estimated gross margin used in the VIU calculation had been 10% lower than management's estimates, the Group would have recognised a further impairment charge on goodwill of \$780,000;
- If the estimated weighted average growth rate used had been 1% lower than management's estimates (for example: 1.0% instead of 2.0%), the Group would have recognised a further impairment charge on goodwill of \$950,000; and
- If the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been 1% higher than management's estimates (for example: 9.5% instead of 8.5%), the Group would have recognised a further impairment charge on goodwill of \$960,000.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 3.1 Critical accounting estimates and assumptions (continued)

### (c) Impairment of goodwill (continued)

For its remaining goodwill, the change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

### (d) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group has significant open tax assessments with a tax authority at the balance sheet date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions. The maximum exposure of these uncertain tax positions, not recognised in these financial statements is \$2,850,000.

## 3.2 Critical judgements in applying the entity's accounting policies

### (a) Critical judgements in recognising revenue – Wholesale of furniture

The Group recognised revenue amounting to \$2,189,000 for the sale of furniture to a wholesale customer in December 2021. The buyer has the right to rescind the sale if there is 5% dissatisfaction with the quality of the first 100 pieces of furniture sold. This specific concession was made because this is a new product line specifically designed for this customer. However, consistent with other contracts, the Group does not have a right to payment until the furniture has been delivered to the customer. Based on the quality assurance system implemented, the Group is confident that the quality of the product is such that the dissatisfaction rate will be well below 5%.

SFRS(I) 15  
(123)

Management has determined that it is highly probable that there will be no rescission of the contract and a significant reversal in the amount of revenue recognised will not occur. It is therefore appropriate to recognise revenue on this transaction in 2021 as control of the product was transferred to the customer. The profit recognised for this sale was \$1,625,000. The Group would suffer an estimated pre-tax loss of \$1,760,000 in its 2021 financial statements if the sale is cancelled (\$1,625,000 for the reversal of 2021 profits and \$135,000 of costs connected with returning the stock to the warehouse).

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 3.2 Critical judgements in applying the entity's accounting policies (continued)

- (a) Critical judgements in recognising revenue – Wholesale of furniture (continued)

In 2020, the Group did not recognise revenue of \$280,000 in relation to a wholesale contract with volume discounts for a new customer and new product line. The Group did not have any experience with the customer's purchase pattern and the product line. Management therefore determined that it was not highly probable that a portion of the revenue would not reverse. Of the \$280,000 of revenue not recognised in 2020, \$150,000 was recognised in the current financial year based on the actual volume sold for the contract period (refer to Note 2.2(a)).

- (b) Impairment of trade receivables and contract assets

As at 31 December 2021, the Group's trade receivables and contract assets amounted to \$18,672,000 (Note 18) and \$2,978,000 (Note 4(b)) respectively, arising from the Group's different revenue segments – furniture and electronic equipment wholesale, specialised equipment construction and logistics services.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. A loss allowance of \$894,000 and \$39,000 for trade receivables and contract assets respectively were recognised as at 31 December 2021.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. A group of customers amounted to \$128,000 are identified to be credit impaired and separately assessed for recoverability as set out in Note 42(b)(i).

The Group's and the Company's credit risk exposure for trade receivables and contract assets by different revenue segment are set out in Note 42(b)(i).



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 3.2 Critical judgements in applying the entity's accounting policies (continued)

### (c) Critical judgement over the lease terms

As at 31 December 2021, the Group's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to \$37,325,000, of which \$2,500,000 arose from extension options. Extension options are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

SFRS(I) 16  
(18)  
SFRS(I) 16  
(19)

For leases of office space and retail stores, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If the retail stores are located in strategic locations that will contribute to the continued profitability of the retail segment, the Group typically includes the extension option in lease liabilities;
- Otherwise, the Group considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The extension options for certain retail stores, equipment and motor vehicles have not been included in lease liabilities because the Group could replace the assets without significant cost or business disruption.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of \$80,000.

SFRS(I) 16  
(20)

As at 31 December 2021, potential future (undiscounted) cash outflows of approximately \$5,000,000 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

SFRS(I) 16  
(59(b)(i))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Critical accounting estimates, assumptions and judgements

1. These disclosures **must be tailored** for another reporting entity as they are specific to an entity's particular circumstances.
2. Disclosure of key sources of estimation uncertainty is not required for assets and liabilities that are measured at fair value based on recently observable market prices. This is because even if their fair values may change materially within the next financial year, these changes will not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.
3. The sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation is required to be disclosed only when it is necessary to help users of financial statements understand difficult, subjective or complex judgements made by management concerning the future and other key sources of estimation uncertainty.
4. Examples of situations which could give rise to significant judgements and assumptions are:
  - The entity has more than half of the voting rights but has no control over the entity;
  - The entity has less than of the voting rights but has control (e.g. de facto control);
  - Whether the entity is an agent or a principal;
  - The entity does not have significant influence even though it holds 20% or more of the voting rights;
  - The entity holds less than 20% of the voting rights but has significant influence and;
  - Determination of the classification of joint arrangements as joint operations or joint ventures.

Entities are required to disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions). These significant judgements and assumptions include those made by the entity when changes in facts and circumstances are such that the conclusion about whether it has control, joint control or significant influence changes during the reporting period.

5. When a parent determines that it is an investment entity in accordance with paragraph 27 of SFRS(I) 10, the investment entity shall disclose information about significant judgements and assumptions it has made in determining that it is an investment entity. If the investment entity does not have one or more typical characteristics of an investment entity (see paragraph 28 of SFRS(I) 10), it shall disclose its reasons for concluding that it is nevertheless an investment entity.

SFRS(I) 1-1  
(128)

SFRS(I) 1-1  
(129)  
SFRS(I) 1-1  
(126)

SFRS(I) 12  
(9)(a)

SFRS(I) 12  
(9)(b)

SFRS(I) 12  
(9)(c)

SFRS(I) 12  
(9)(d)

SFRS(I) 12  
(9)(e)

SFRS(I) 12  
(7)(c)

SFRS(I) 12 (7)  
SFRS(I) 12 (8)

SFRS(I) 12  
(9A)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Critical accounting estimates, assumptions and judgements (continued)

SFRS(I) 12  
(9B)

6. When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:
  - (a) the total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated;
  - (b) the total gain or loss, if any, calculated in accordance with paragraph B101 of SFRS(I) 10; and
  - (c) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).
7. The SFRS(I)s do not refer explicitly to climate-related matters. However, disclosures should be made when climate-related matters are material to the financial statements taken as a whole. For example, information about how management has considered climate-related matters in preparing a company's financial statements may be material with respect to the significant judgements and estimates that management has made.

Some key areas where climate-related considerations may be included in judgements and estimates are:

- Going concern;
- Useful lives and residual values of assets;
- Impairment of financial and non-financial assets;
- Recognition and measurement of deferred income tax assets;
- Measurement of net realisable value of inventories;
- Fair value measurement;
- Recognition or measurement of provisions or contingent liabilities; or
- Financial risk management.

The above list is non-exhaustive and entities should make an appropriate assessment of how climate-related risks impact their financial reporting. Each company **must tailor the disclosures** to suit the particular circumstances of the company.

Entities should ensure the financial statement disclosures are consistent with their TCFD disclosures in other sections of the annual report. The effects of TCFD in PwC Holdings Ltd has not been illustrated in the financial statements of this publication.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Critical accounting estimates, assumptions and judgements (continued)

8. An illustrative example of how climate-related risks impact the financial statements is as follows:

#### “ Critical accounting estimates – Plant and equipment

The Group continues to develop its assessment of the potential impacts of climate change and the transition to a lower carbon economy. The Group's current climate change strategy focuses on reducing operational greenhouse gas (GHG) emissions, investing in low emissions technologies, supporting emissions reductions in our value chain and promoting product stewardship. In the environmental section of the annual report, the Group has made a commitment to become carbon neutral by 2030.

Accordingly, the Group has estimated that certain plant and equipment will need to be replaced with more energy efficient or non-fossil fuel based plant and equipment by 2030, and identified that the useful economic lives of these assets will need to be shortened to 9 years. Concurrently, the Group has also re-evaluated the residual values of these assets. This change in accounting estimate has been made prospectively and the effects of the change are disclosed in Note [ ].

The Group reviews the residual values and useful lives of plant and equipment at each reporting date in accordance with the accounting policy in Note [ ]. The estimation of the residual values and useful lives involves significant judgement. The net book value of these plant and equipment at 31 December 2021 is \$[ ] million and the annual depreciation charge for the financial year ended 31 December 2021 is \$[ ] million. If the actual useful lives of these plant and equipment are shorter than the management's estimate by one year on average, the Group's annual depreciation charge will increase by \$[ ] million.”





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 4. Revenue from contracts with customers<sup>1</sup>

### (a) Disaggregation of revenue from contracts with customers<sup>2-4</sup>

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

SFRS(I) 15(113)  
SFRS(I) 8  
(33(a))

	At a point in time \$'000	Over time \$'000	Total \$'000	SFRS(I) 15 (B87-89)
<b>2021</b>				
Component parts				SFRS(I) 15 (114), (115)
- Singapore	79,928	-	79,928	
- People's Republic of China	61,502	-	61,502	
- The Philippines	1,978	-	1,978	
	<b>143,408</b>	<b>-</b>	<b>143,408</b>	
Furniture				
- People's Republic of China	38,988	-	38,988	
- The Philippines	27,556	-	27,556	
	<b>66,544</b>	<b>-</b>	<b>66,544</b>	
Construction				
- Singapore	12,647	17,177	29,824	
	<b>12,647</b>	<b>17,177</b>	<b>29,824</b>	
Logistic services				
- Singapore	-	5,870	5,870	
	<b>-</b>	<b>5,870</b>	<b>5,870</b>	
Total	<b>222,599</b>	<b>23,047</b>	<b>245,646</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 4. Revenue from contracts with customers<sup>1</sup> (continued)

### (a) Disaggregation of revenue from contracts with customers (continued)

	At a point <u>in time</u> \$'000	<u>Over time</u> \$'000	<u>Total</u> \$'000	SFRS(I) 15 (B87-89)
<b>2020</b>				
Component parts				SFRS(I) 15(114), (115)
- Singapore	67,291	-	67,291	
- People's Republic of China	39,464	-	39,464	
- The Philippines	2,410	-	2,410	
	<u>109,165</u>	<u>-</u>	<u>109,165</u>	
Furniture				
- People's Republic of China	29,645	-	29,645	
- The Philippines	25,613	-	25,613	
	<u>55,258</u>	<u>-</u>	<u>55,258</u>	
Construction				
- Singapore	11,417	17,598	29,015	
	<u>11,417</u>	<u>17,598</u>	<u>29,015</u>	
Logistic services				
- Singapore	-	5,460	5,460	
	<u>-</u>	<u>5,460</u>	<u>5,460</u>	
Total	<u>175,840</u>	<u>23,058</u>	<u>198,898</u>	

### (b) Contract assets and liabilities

		31 December 2021	2020	1 January <sup>9</sup> 2020	SFRS(I) 15 (116(a))
Note		\$'000	\$'000	\$'000	
Contract assets					
- Specialised equipment construction contracts		2,978	2,500	2,050	
Less: Loss allowance	42(b)	(39)	(29)	(24)	
Total contract assets		<u>2,939</u>	<u>2,471</u>	<u>2,026</u>	
Contract liabilities					
- Specialised equipment construction contracts		678	548	621	
Total contract liabilities		<u>678</u>	<u>548</u>	<u>621</u>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 4. Revenue from contracts with customers<sup>1</sup> (continued)

### (b) Contract assets and liabilities (continued)

Contract assets relate to fixed-price specialised equipment construction contracts. The contract assets balance increased as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

SFRS(I) 15  
(118)  
SFRS(I)  
15 (113(b))

Contract liabilities for specialised equipment construction contracts have increased due to the negotiation of higher prepayments and an increase in overall contract activity.

SFRS(I) 15  
(118)

### (i) Revenue recognised in relation to contract liabilities

	2021 \$'000	2020 \$'000	
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period			SFRS(I) 15 (116(b))
- Specialised equipment construction contracts	480	420	
Revenue recognised in current period from performance obligations satisfied in previous periods			SFRS(I) 15 (116(c))
- Consideration from component parts wholesale contracts, not previously recognised due to constraint	385	150	

### (ii) Unsatisfied performance obligations

	31 December 2021 \$'000	2020 \$'000	
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December			SFRS(I) 15 (120(a))
- Specialised equipment construction contracts	9,976	8,881	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 4. Revenue from contracts with customers<sup>1</sup> (continued)

### (b) Contract assets and liabilities (continued)

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2021 and 2020 may be recognised as revenue in the next reporting periods as follows:

SFRS(I) 15  
(120(b))  
SFRS(I) 15  
(122)

	2021 \$'000	2022 \$'000	2023 \$'000	Total \$'000
Partial and fully unsatisfied performance obligations as at:				
<b>31 December 2021</b>	-	<b>4,988</b>	<b>4,988</b>	<b>9,976</b>
31 December 2020	5,329	3,552	-	8,881

The amount disclosed above does not include variable consideration, which is subject to significant risk of reversal<sup>6,8</sup>.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed<sup>5</sup>.

SFRS(I)  
15 (121,122)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 4. Revenue from contracts with customers<sup>1</sup> (continued)

### (c) Assets recognised from costs to fulfil contracts<sup>7</sup>

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil long-term specialised equipment construction contracts. This is presented within other current assets in the balance sheet.

	31 December		
	2021	2020	
	\$'000	\$'000	
<b>Other current assets</b>			
Asset recognised from costs incurred to fulfil a contract as at 31 December	376	521	SFRS(I) 15 (128(a))
Rights to returned goods	111	98	DV
	<b>487</b>	<b>619</b>	
Amortisation and impairment loss recognised as cost of sales during the period	145	121	SFRS(I) 15 (128(b))

Costs to fulfil contracts for the construction of specialised equipment relate to costs incurred in developing an IT platform that is used to fulfil a specialised equipment construction contract. These costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

SFRS(I) 15 (127)

Due to an unexpected increase in costs on the contracts by 30% in the financial year ended 31 December 2021, the capitalised IT platform costs is not expected to be completely recovered through contract revenue. Accordingly, an impairment loss of \$70,000 was recognised.

SFRS(I) 1-36 (126(a))  
SFRS(I) 15 (128(b))

### (d) Trade receivables from contracts with customers

Note	Group			Company		
	31 December	1 January		31 December	1 January	
	2021	2020	2020 <sup>9</sup>	2021	2020	2020 <sup>9</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>						
Trade receivables from contracts with customers	18	18,672	26,133	17,712	6,037	6,019
Loss allowance	18	(894)	(735)	(733)	(297)	(266)
		<b>17,778</b>	<b>25,398</b>	<b>16,979</b>	<b>5,740</b>	<b>5,753</b>

SFRS(I) 15 (116)(a)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Revenue from contracts with customers

#### Objective

- 1 Users of the financial statements should be given sufficient information to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To achieve this, entities must provide qualitative and quantitative information about their contracts with customers, significant judgement made in applying SFRS(I) 15 and any assets recognised from the costs to obtain or fulfil a contract with customers.

SFRS(I) 15  
(110)

#### Disaggregation of revenue

- 2 Entities must disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The level of detail in the disclosure will depend on the specific circumstances of each entity. The entity has determined that a disaggregation of revenue using existing segments and the timing of the transfer of goods or services (at a point in time vs over time) is adequate for its circumstances. However, this is a judgement and will not necessarily be appropriate for other entities.
- 3 Other categories that could be used as basis for disaggregation include:
  - (a) type of good or service (e.g. major product lines);
  - (b) geographical regions;
  - (c) market or type of customer;
  - (d) type of contract (e.g. fixed price vs time-and-materials contracts);
  - (e) contract duration (short-term vs long-term contracts); or
  - (f) sales channels (directly to customers vs wholesale).
- 4 When selecting categories for the disaggregation of revenue, entities should also consider how their revenue is presented for other purposes, e.g., in earnings releases, annual reports or investor presentations and what information is regularly reviewed by the chief operating decision makers. Where revenue is disaggregated on a basis other than reportable segments, the entity must disclose sufficient information such that users of their financial statements can understand the relationship between the disaggregated revenue and the revenue information that is disclosed for each reportable segment.

SFRS(I) 15  
(114), (B87-89)

SFRS(I) 15  
(115)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Revenue from contracts with customers (continued)

#### Practical expedients applied in disclosing transaction price allocated to unsatisfied performance obligations

5 SFRS(I) 15 provides a practical expedient for entities not to disclose information about its remaining unsatisfied performance obligations, if either of the following conditions is met:

SFRS(I) 15  
(121)

- (a) The performance obligation is part of a contract that has an original expected duration of one year or less; or
- (b) The entity recognises revenue from the satisfaction of the performance obligation based on its right to invoice (subject to meeting conditions under paragraph B16 of SFRS(I) 15).

6 Entities are required to explain qualitatively whether they are applying the practical expedient in guidance note 5 above, and whether any consideration from contracts with customers is not included in the transaction price, and therefore, not included in the information disclosed about transaction price allocated to unsatisfied performance obligations. In the illustration above, the entity has explained that the transaction price does not include any estimated amounts of variable consideration that are subject to significant risk of reversal.

SFRS(I) 15  
(122)

#### Presentation of capitalised contract costs and rights to returned goods

7 SFRS(I) 15 is silent on the presentation of capitalised contract costs and rights to returned goods. Therefore, the entity needs to develop an appropriate accounting policy and apply it consistently. Where capitalised contract costs or rights to returned goods are material, the entity may present this balance as an additional line item in the statement of financial position, if such presentation is relevant to an understanding of the entity's financial position. In this illustration, capitalised contract costs and rights to returned goods are presented under 'Other current assets'.

SFRS(I) 1-1  
(55)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Constraining estimates of variable consideration

- 8 In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved, an entity shall consider both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:
- (a) The amount of consideration is highly susceptible to factors outside the entity's influence. Those factors may include volatility in a market, the judgement or actions of third parties, weather conditions and a high risk of obsolescence of the promised good or service.
  - (b) The uncertainty about the amount of consideration is not expected to be resolved for a long period of time.
  - (c) The entity's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value.
  - (d) The entity has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances.
  - (e) The contract has a large number and broad range of possible consideration amounts.
- 9 Entities are required to disclose the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. Therefore, the balances as at 1 January 2020, being the opening balances of the comparative period, are presented.

SFRS(I) 15  
(57)

SFRS(I) 15  
(116)(a)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 5. Expenses by nature<sup>1-3</sup>

		<u>Group</u>	
	2021		2020
	\$'000		\$'000
Purchases of inventories and construction materials	69,832		57,711
Amortisation of intangible assets (Note 29(d))	1,443		954
			SFRS(I) 1-38 (118(d))
Depreciation of property, plant and equipment (Note 26)	21,153		12,750
			SFRS(I) 1-16 (73)(e)(vii)
Impairment loss on goodwill (Note 29(a))	500		1,081
			SFRS(I) 1-36 (126)(a)
Employee compensation (Note 6)	44,827		42,903
			SFRS(I) 1-1 (104)
Sub-contractor charges	13,238		12,610
Advertising expense	11,938		9,304
Rental expense (Note 27(d))	5,586		5,690
			SFRS(I) 1-17 (35(c))
Research expense	785		645
			SFRS(I) 1-38 (126)
Transportation expense	5,245		4,713
Reversal of inventory write-down (Note 19)	(380)		-
			SFRS(I) 1-2 (36(f))
Other expenses	1,705		1,292
Changes in inventories	4,962		(3,234)
Total cost of sales, distribution and marketing costs and administrative expenses	180,834		146,419

Included in the Group's rental expense for the financial year ended 31 December 2020 is contingent rent amounting to \$32,000. The contingent rent was computed based on a percentage of sales turnover during the financial year ended 31 December 2020.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Expenses by nature

- 1 This disclosure is required only for entities that present their expenses by function on the face of the statement of comprehensive income. This publication illustrates a reconciliation of significant/material expenses to the total expenses by function (excluding finance expenses). This presentation, while not required, is encouraged as it ensures that all significant/material expenses are disclosed. As an alternative, the reporting entity can present only selected significant/material expenses in this note.
- 2 Where items of income and expense are material, the nature and amount of such items shall be disclosed separately, either in the statement of comprehensive income, the statement of profit or loss where applicable, or in the notes. Please refer to paragraph 98 of SFRS(I) 1-1 for items that would require separate disclosure.
- 3 The classification of expenses may vary with the type of expense. For example, where expenses are classified by nature, wages and salaries paid to employees involved in research and development (R&D) activities may be classified as employee benefits expense, while amounts paid to external organisations for R&D may be classified as external R&D expense. However, where expenses are classified by function, both the wages and salaries and external payments should be classified as R&D expense.

SFRS(I) 1-1  
(104)

SFRS(I) 1-1  
(97, 98)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 6. Employee compensation

		<u>Group</u>	
	<b>2021</b>	2020	
	<b>\$'000</b>	\$'000	
Wages and salaries	<b>32,937</b>	31,471	
Employer's contribution to defined contribution plans <sup>1</sup>	<b>10,890</b>	10,417	SFRS(I) 1-19 (53)
Termination benefits	<b>350</b>	200	SFRS(I) 1-19 (171), DV
Other long-term benefits	<b>298</b>	100	
Share option expense (Note 37(b)(i))	<b>672</b>	715	SFRS(I) 2 (50,51(a))
	<b>45,147</b>	42,903	
Less: Amounts attributable to discontinued operations	<b>(320)</b>	-	
Amounts attributable to continuing operations (Note 5)	<b>44,827</b>	42,903	

### Guidance notes

#### Employee compensation

- For Singapore entities, defined contribution plans include contributions to the Central Provident Fund. A number of countries in the region (e.g. Korea, Taiwan, Thailand, Vietnam, Indonesia, India, Sri Lanka, Pakistan and Bangladesh) have local legislation that requires companies to contribute to defined benefit plans. Accounting for such plans is complicated and the disclosures are extensive. Please refer to Appendix 1 Example 3 for an illustrated disclosure.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 7. Other income<sup>1</sup>

	Group		SFRS(I) 1-1 (97), (98)
	2021	2020	
	\$'000	\$'000	
Interest income <sup>2</sup>			
- Financial assets measured at amortised cost <sup>3</sup>			SFRS(I) 7 (20(b))
- Investments	197	126	
- Trade receivables	150	120	
- Bank deposits	1,730	1,339	
- Loans to an associate	30	30	SFRS(I) 1-24 (18)
- Net investment in sub-lease (Note 28)	582	324	SFRS(I) 16 (90(a)(iii))
- Debt investments measured at FVOCI <sup>3</sup>	250	205	SFRS(I) 7 (20(b))
	<b>2,939</b>	<b>2,144</b>	
Dividend income <sup>2</sup>	2,694	1,547	
Government grant income	800	1,200	
Income from sub-leases (Note 28)	506	355	
Rental income from investment properties (Note 25)	645	521	SFRS(I) 1-40 (75(f), (i))
	<b>4,645</b>	<b>3,623</b>	
Total	<b>7,584</b>	<b>5,767</b>	

The Group's dividend income includes dividends recognised from investments in equity instruments designated at FVOCI of \$520,000 (2020: \$1,402,000). No dividend was recognised for investments in equity instruments designated at FVOCI derecognised during the financial year.

SFRS(I) 7  
(11A(d))

Grant income of \$800,000 (2020: \$1,200,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Other income

- 1 Where “Other income” is immaterial, a reporting entity may combine it with “Other gain and losses” (Please refer to Note 8 to the financial statements).

### Net presentation of interest income, expense and dividend income on financial assets at FVPL

- 2 This publication illustrates the disclosure where the entity has elected to present interest income on financial assets, at FVPL, as part of the net fair value gains or losses (Note 8).

As an alternative, an entity may present interest income, interest expense and dividend income arising from financial instruments, at FVPL, separately. When this option is adopted, interest income and expense shall be computed using the effective interest method.

This choice is not applicable to financial assets measured at FVOCI. Interest calculated using the effective interest method and dividends are recognised in profit or loss, separately from the fair value gains or losses which are recognised in other comprehensive income.

SFRS(I) 9  
(5.7.1)  
SFRS(I) 7  
(20(a))

SFRS(I) 9  
(5.7.10)

### Separate disclosure of interest revenue for financial assets at amortised cost/FVOCI

- 3 Entities must disclose the total interest revenue (calculated using the effective interest rate method) for financial assets that are measured at amortised cost and debt instruments that are measured at FVOCI separately.

SFRS(I) 7  
(20(b))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 8. Other gains and losses – Others<sup>4</sup>

	Group		SFRS(I) 1-1 (97), (98)
	2021 \$'000	2020 \$'000	
Fair value (losses)/gains <sup>1</sup>			
- Financial assets and liabilities, mandatorily measured at FVPL			SFRS(I) 7 (20(a)(i))
- Derivative financial instruments	(1,641)	(1,020)	
- Financial assets, at FVPL (Note 14)	750	515	
- Contingent consideration (Note 42(e))	(150)	-	
	<u>(1,041)</u>	<u>(505)</u>	
Ineffectiveness on fair value hedges (Note 15) <sup>2</sup>	1	(1)	
Ineffectiveness on cash flow hedges (Note 15) <sup>2</sup>	1	(5)	
Currency exchange gains – net <sup>3</sup>	610	307	SFRS(I) 1-21 (52(a))
Gain on disposal of property, plant and equipment	170	-	
Financial asset, at FVOCI			
- Reclassification from OCI on disposal (Note 37(b)(iii))	175	-	
Net fair value (losses)/gains on investment properties (Note 25)	<u>(1,906)</u>	<u>174</u>	SFRS(I) 1-40 (76(d))
Total	<u>(1,990)</u>	<u>(30)</u>	



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Other gains and losses - Others

#### Income, expense, gains or losses

- 1 SFRS(I) 7 requires separate disclosure of net gains/losses, income and expense either in the statement of comprehensive income or in the notes for:
  - (i) financial assets or financial liabilities measured at FVPL, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of SFRS(I) 9, and those on financial assets or financial liabilities that are mandatorily measured at FVPL in accordance with SFRS(I) 9 (e.g. financial liabilities that meet the definition of held for trading in SFRS(I) 9). For financial liabilities designated as at FVPL, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss;
  - (ii) financial liabilities measured at amortised cost;
  - (iii) financial assets measured at amortised cost;
  - (iv) investments in equity instruments designated at FVOCI in accordance with paragraph 5.7.5 of SFRS(I) 9; and
  - (v) financial assets measured at FVOCI in accordance with paragraph 4.1.2A of SFRS(I) 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.

SFRS(I) 7  
(20(a))

#### Ineffectiveness on hedges

- 2 The ineffectiveness on cash flow hedges should be classified consistently with the results of the trading derivative. There is limited guidance on where such derivative gains and losses should be presented on the income statement. Such gains and losses are usually most appropriately shown within 'other operating gains and losses', or 'other operating income and expense', or as a separate line item, if the amount is significant. However, it may be appropriate to classify fair value changes in other financial statement line items after considering the nature and purpose of the derivative and the entity's risk management policy. The manner of presentation policy should be applied consistently from period to period.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Other gains and losses – Others (continued)

#### Currency exchange differences

- 3 An entity usually classifies foreign exchange gains and losses that relate to borrowings and cash and cash equivalents as part of 'finance income/cost'. Other foreign exchange gains and losses are usually classified as 'other operating gains/losses', 'other operating income and expense' or similar line items.

An entity may also present all foreign exchange gains and losses either in 'other operating gains/losses' (or similar line items) or in 'finance income/cost'. The entity needs to develop an appropriate accounting policy and apply it consistently.

#### Offsetting of income and expenses

- 4 Consider the size, nature, incidence of the items aggregated and presented net in the Statement of Comprehensive Income and if they are permitted to be offset. Offsetting is generally **prohibited** because it detracts from giving users a full and proper understanding of the transactions, and of other events and conditions that have occurred and assess the entity's future cash flows. In addition, gains and losses arising from groups of similar transactions are not reported on a net basis, unless they are immaterial.

SFRS(I) 1-1  
(32), (33)  
SFRS(I) 1-1  
(35)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 9. Finance expenses

	<u>Group</u>		
	2021	2020	
	\$'000	\$'000	
Interest expense			SFRS(I) 7 (20(b))
- Bank borrowings	3,704	4,509	
- Convertible bonds (Note 32)	3,085	2,732	
- Dividends on redeemable preference shares	1,950	1,950	
- Lease liabilities	1,928	2,101	
Loss on modification of borrowings	150	-	
	10,817	11,292	
Unwinding of discount on provision for legal claims (Note 34(c))	75	70	SFRS(I) 1-37 (84(e))
Cash flow hedges, reclassified from hedging reserve (Note 37(b)(iv))	753	643	SFRS(I) 7 (24C(b)(iv))
Currency exchange gains – net	(1,785)	(4,650)	SFRS(I) 1-21 (52(a))
	9,860	7,355	
Less: Amount capitalised in investment property and property, plant and equipment	(121)	(142)	SFRS(I) 1-23 (26(a))
Amount recognised in profit or loss	9,739	7,213	

Finance expenses on general financing were capitalised at a rate of 5.6% per annum (2020: 5.8% per annum).

SFRS(I) 1-23  
(26(b))

During the financial year ended 31 December 2021, the Group renegotiated its existing loan facilities to refinance the construction of its investment properties. The refinancing resulted in the recognition of a modification loss of \$150,000 in profit or loss.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 10. Income taxes

### (a) Income tax expense

	<u>Group</u>	
	2021	2020
	\$'000	\$'000
Tax expense attributable to profit is made up of:		SFRS(I) 1-12 (79)
- Profit for the financial year:		
From continuing operations		
Current income tax		
- Singapore	9,942	9,714
- Foreign	4,986	4,473
	14,928	14,187
		SFRS(I) 1-12 (80(a))
Deferred income tax (Note 35)	965	360
		SFRS(I) 1-12 (80(c))
	15,893	14,547
From discontinued operations		
Current income tax		
- Foreign (Note 11(a))	78	250
	15,971	14,797
		SFRS(I) 1-12 (81(h))
- Under provision in prior financial years:		
From continuing operations		
Current income tax	-	20
	15,971	14,817
		SFRS(I) 1-12 (80(b))
Tax expense is attributable to:		
- continuing operations	15,893	14,567
- discontinued operations (Note 11(a))	78	250
	15,971	14,817



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 10. Income taxes (continued)

### (a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

SFRS(I) 1-12  
(81(c))

	<u>Group</u>		
	2021	2020	
	\$'000	\$'000	
Profit before tax from			
- continuing operations	60,578	51,077	
- discontinued operations (Note 11(a))	500	1,560	
	<b>61,078</b>	<b>52,637</b>	
Share of profit of associates and joint venture, net of tax	<b>(761)</b>	<b>(340)</b>	
Profit before tax and share of profit of associates and joint venture	<b>60,317</b>	<b>52,297</b>	
Tax calculated at tax rate of 17% (2020: 17%) <sup>1,2</sup>	<b>10,254</b>	8,890	SFRS(I) 1-12 (85)
Effects of:			
- different tax rates in other countries	<b>4,669</b>	5,012	SFRS(I) 1-12 (85)
- tax incentives	<b>(80)</b>	-	
- expenses not deductible for tax purposes	<b>2,987</b>	2,485	
- income not subject to tax	<b>(1,834)</b>	(1,560)	
- utilisation of previously unrecognised:			
- capital allowances	-	(30)	SFRS(I) 1-12 (80(f))
- tax losses	<b>(25)</b>	-	SFRS(I) 1-12 (80(e))
- under-provision of tax in prior financial years	-	20	SFRS(I) 1-12 (80(b))
Tax charge	<b>15,971</b>	<b>14,817</b>	

### (b) Movement in current income tax liabilities

	<u>Group</u>		<u>Company</u>		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	DV
Beginning of financial year	1,700	2,942	261	235	
Currency translation differences	392	360	-	-	
Acquisition of subsidiary (Note 46(c))	310	-	-	-	
Income tax paid	<b>(16,608)</b>	(16,059)	<b>(328)</b>	(289)	
Tax expense	<b>15,006</b>	14,437	<b>397</b>	315	
Under-provision in prior financial years	-	20	-	-	
End of financial year	<b>800</b>	<b>1,700</b>	<b>330</b>	<b>261</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 10. Income taxes (continued)

Included in the Company's current tax liabilities is consideration of \$117,520 (2020: \$128,500) that will be payable to a subsidiary when that subsidiary's tax losses are being utilised by the Company under the group relief tax system.

DV

- (c) The tax credit/(charge) relating to each component of other comprehensive income is as follows:

Group	2021			2020			SFRS(I) 1-12 (81(ab)) SFRS(I) 1-1 (90)
	Before Tax \$'000	Tax charge \$'000	After tax \$'000	Before Tax \$'000	Tax credit/ (charge) \$'000	After tax \$'000	
Fair value gains/(losses) and reclassification on financial assets, at FVOCI	1,580	(269)	1,311	(1,451)	261	(1,190)	SFRS(I) 1-1 (90)
Fair value gains and reclassification adjustments on cash flow hedges	961	(163)	798	33	(10)	23	SFRS(I) 1-1 (90)
Currency translation differences arising from consolidation	851	-	851	1,027	-	1,027	SFRS(I) 1-1 (90)
Revaluation gains on property, plant and equipment	650	(110)	540	539	(82)	457	SFRS(I) 1-1 (90)
Share of other comprehensive income of associates	68	-	68	35	-	35	SFRS(I) 1-1 (90)
<b>Other comprehensive income</b>	<b>4,110</b>	<b>(542)</b>	<b>3,568</b>	<b>183</b>	<b>169</b>	<b>352</b>	



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 10. Income taxes (continued)

(d) Income tax recognised directly in equity is as follows:

	<u>Group</u>		
	2021	2020	SFRS(I) 1-12 (81(a))
	\$'000	\$'000	
Excess tax on employee share option scheme (Note 37(b)(ii))	42	85	
	<b>42</b>	<b>85</b>	

### Guidance notes

#### Income taxes

##### Applicable tax rate(s)

1 In explaining the relationship between tax expense (or income) and accounting profit, an entity shall use an applicable tax rate that provides the most meaningful information to the users of its financial statements. This publication illustrates the disclosure where the corporate tax rate in the country in which the company is domiciled (Singapore) is the most meaningful tax rate.

SFRS(I) 1-12  
(85)

Another entity operating in several jurisdictions may find it more meaningful to aggregate separate reconciliations prepared using the domestic rates in those jurisdictions. When that approach is used, the line item “effect of different tax rates in other countries” will no longer be relevant.

2 In the event that changes to tax laws relating to new tax incentives are not finalised by the reporting date and the effect is expected to be material, the following disclosure can be considered:

SFRS(I) 1-12  
(81)(d)

“The tax liabilities of the Group and the Company have been computed based on the corporate tax rate and tax laws prevailing at balance sheet date. On [date of budget announcement], the Singapore Government announced changes to the Singapore tax laws, which included new incentives that might be available to certain group entities with effect from the year of assessment 2023. The tax expense of the Group and the Company for the financial year ended [31 December 2021] have not taken into consideration the effect of these incentives as the final detailed interpretation of the incentives had not been released by the tax authority as of the date of authorisation of these financial statements.”

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 11. Discontinued operations and disposal group classified as held for sale

On 31 May 2021, the Group's management and shareholders approved the sale of its 85%-owned subsidiary, PwC Components (Thailand) Co Ltd, in Thailand. The entire assets and liabilities related to PwC Components (Thailand) Co Ltd was presented as a disposal group classified as held-for-sale as at 31 December 2021, and the entire results from PwC Components (Thailand) Co Ltd was presented separately on the statement of comprehensive income as "Discontinued operations" for the year ended 31 December 2021. The disposal group was previously presented under the "component parts" reportable segment of the Group (Note 45). The disposal was completed on 15 January 2022.

SFRS(I) 5 (41)

SFRS(I) 5  
(41(d))

- (a) The results of the discontinued operations and the re-measurement of the disposal group are as follows<sup>2</sup>:

SFRS(I) 5  
(33(b))

	<u>Group</u>		
	<b>2021</b>	2020	
	<b>\$'000</b>	\$'000	
Revenue	<b>1,830</b>	4,560	SFRS(I) 5 (33(b)(i))
Expenses	<b>(1,250)</b>	(3,000)	SFRS(I) 5 (33(b)(i))
Profit before tax from discontinued operations	<b>580</b>	1,560	SFRS(I) 5 (33(b)(i))
Tax (Note 10(a))	<b>(92)</b>	(250)	SFRS(I) 5 (33(b)(ii))
<b>Profit after tax from discontinued operations</b>	<b>488</b>	1,310	SFRS(I) 5 (33(a)(i))
Pre-tax loss recognised on the re-measurement of disposal group to fair value less costs to sell	<b>(80)</b>	-	SFRS(I) 5 (33(b)(iii))
Tax (Note 10(a))	<b>14</b>	-	SFRS(I) 5 (33(b)(iv))
Post-tax loss recognised on the re-measurement of disposal group to fair value less costs to sell	<b>(66)</b>	-	SFRS(I) 5 (33(a)(ii))
<b>Profit for the year from discontinued operations</b>	<b>422</b>	1,310	



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 11. Discontinued operations and disposal group classified as held for sale (continued)

- (b) The impact of the discontinued operations on the cash flows of the Group was as follows: SFRS(I) 5 (33(c))

	<u>Group</u>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Operating cash inflows	<b>420</b>	956
Investing cash outflows	<b>(198)</b>	(269)
Financing cash outflows	<b>(265)</b>	(410)
<b>Total cash outflows</b>	<b>(43)</b>	277

- (c) Details of the assets of disposal group classified as held-for-sale were as follows: SFRS(I) 5 (38)

	<u>Group</u>
	As at
	31 December 2021
	\$'000
Property, plant and equipment (Note 26)	1,430
Trademark and licences (Note 29(b))	104
Inventory	1,284
	<b>2,818</b>

- (d) Details of the liabilities directly associated with disposal group classified as held-for-sale were as follows: SFRS(I) 5 (38)

Trade and other payables	169
Other current liabilities	46
Provisions (Note 34(a))	72
	<b>287</b>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 11. Discontinued operations and disposal group classified as held for sale (continued)

	<u>Group</u>	
	As at	
	31 December 2021	
	\$'000	
(e) Cumulative income recognised in other comprehensive income relating to disposal group classified as held-for-sale were as follows:		
Currency translation differences	180	SFRS(I) 5 (38)
	<u>180</u>	
	<u>Company</u>	
	As at	
	31 December 2021	
	\$'000	
(f) Details of assets in non-current asset classified as held-for-sale were as follows:		
Investment in subsidiary (Note 24)	1,500	SFRS(I) 5 (38)

In accordance with SFRS(I) 5, the assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classified as held-for-sale were written down to their fair value less costs to sell of \$2,531,000. This is a non-recurring fair value measurement, which was derived using observable inputs, being the prices for recent sales of similar businesses, and is therefore within level 2 of the fair value hierarchy. The fair value was calculated based on the ratio of transaction price to annual revenue for the similar businesses and applying the average to PwC Components (Thailand) Co Ltd.

SFRS(I)  
13 (93(d))





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Discontinued operations and disposal group classified as held-for-sale

- 1 An entity shall re-present the statement of comprehensive income and statement of cash flows for the discontinued operations for prior periods. In contrast, the balance sheet information for the prior year is not re-presented.

SFRS(I) 5 (34)  
SFRS(I) 1-1  
(38)

### Results of the discontinued operations and the re-measurement of the disposal group

- 2 The analysis of the results of the discontinued operations and the remeasurement of the disposal group shall be disclosed either in the notes or in the statement of comprehensive income. This publication illustrates the disclosure when the entity elects to disclose in the notes to the financial statements.

SFRS(I) 5  
(33)(b)

If the entity elects to present the analysis of the results of the discontinued operations in the statement of comprehensive income, the analysis should be presented in a section identified as relating to discontinued operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (see SFRS(I) 5(11)).

SFRS(I) 5 (39)

### Other disclosure requirements

- 3 Disclosures required by other standards do not apply to each of the non-current assets classified as held-for-sale or included in a disposal group except for those assets that are outside the scope of SFRS(I) 5 measurement requirements, which include:

SFRS(I) 5 (5),  
(5B)

- (i) deferred tax assets (SFRS(I) 1-12 Income Taxes).
- (ii) assets arising from employee benefits (SFRS(I) 1-19 Employee Benefits).
- (iii) financial assets within the scope of SFRS(I) 9 Financial Instruments
- (iv) non-current assets that are accounted for in accordance with the fair value model in SFRS(I) 1-40 Investment Property.
- (v) non-current assets that are measured at fair value less costs to sell in accordance with SFRS(I) 1-41 Agriculture.
- (vi) contractual rights under insurance contracts as defined in SFRS(I) 4 Insurance Contracts.

For example, disclosure requirements in SFRS(I) 13 are required for financial assets within the scope of SFRS(I) 9 and investment properties accounted for at fair value, even if they are classified as held-for-sale.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 12. Earnings per share

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>		SFRS(I) 1-33 (68)
	2021	2020	2021	2020	2021	2020	
Net profit attributable to equity holders of the Company (\$'000)	<b>41,124</b>	33,302	<b>359</b>	1,114	<b>41,483</b>	34,416	SFRS(I) 1-33 (70(a))
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>26,900</b>	24,050	<b>26,900</b>	24,050	<b>26,900</b>	24,050	SFRS(I) 1-33 (70(b))
Basic earnings per share (\$ per share)	<b>1.53</b>	1.38	<b>0.01</b>	0.05	<b>1.54</b>	1.43	

### (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options.

SFRS(I) 1-33 (33), (36)

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 12. Earnings per share (continued)

### (b) Diluted earnings per share (continued)

Diluted earnings per share for continuing operations and discontinued operations attributable to equity holders of the Company is calculated as follows:

	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>		
	2021	2020	2021	2020	2021	2020	
Net profit attributable to equity holders of the Company (\$'000)	<b>41,124</b>	33,302	<b>359</b>	1,114	<b>41,483</b>	34,416	SFRS(I) 1-33 (70(a))
Add back:							
Interest expense on convertible bonds, net of tax (\$'000)	<b>2,760</b>	2,432	-	-	<b>2,760</b>	2,432	
Net profit used to determine diluted earnings per share (\$'000)	<b>43,884</b>	35,734	<b>359</b>	1,114	<b>44,243</b>	36,848	SFRS(I) 1-33 (70(a))
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>26,900</b>	24,050	<b>26,900</b>	24,050	<b>26,900</b>	24,050	SFRS(I) 1-33 (70(b))
Adjustments for ('000)							
- Convertible bonds	<b>3,300</b>	3,300	<b>3,300</b>	3,300	<b>3,300</b>	3,300	
- Share options	<b>881</b>	1,218	<b>881</b>	1,218	<b>881</b>	1,218	
	<b>31,081</b>	28,568	<b>31,081</b>	28,568	<b>31,081</b>	28,568	SFRS(I) 1-33 (70(b))
Diluted earnings per share (\$ per share)	<b>1.41</b>	1.25	<b>0.01</b>	0.04	<b>1.42</b>	1.29	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Earnings per share ("EPS")

#### Retrospective adjustment for changes in number of shares

- 1 If the number of ordinary or potential ordinary shares increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split before the financial statements are authorised for issue, the basic and diluted EPS for all periods presented shall be adjusted **retrospectively**, even when this occurs after the balance sheet date. The fact that EPS calculations reflect such changes in the number of shares shall be disclosed.

SFRS(I) 1-33  
(64)

#### EPS based on alternative earnings

- 2 If the reporting entity discloses, in addition to basic and diluted EPS, per share amounts using another measure of net profit, such amounts shall be calculated using the weighted average number of ordinary shares determined based on SFRS(I) 1-33. The basic and diluted per share amount shall be disclosed in the notes to the financial statements. A reconciliation shall be provided between the measure used and a line item reported in the statement of comprehensive income.

SFRS(I) 1-33  
(73)

#### Potential dilutive instruments which were anti-dilutive during the period

- 3 An entity is required to disclose instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the period(s) covered.

SFRS(I) 1-33  
(70(c))

#### Share transactions after the end of the reporting period

- 4 An entity is required to provide a description of material share transactions that occurred after the end of the reporting period and that were not retrospectively adjusted in the calculation of EPS.

SFRS(I) 1-33  
(70(d))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 13. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>		
	31 December		31 December		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
Cash at bank and on hand	81,290	19,207	13,586	10,173	SFRS(I) 1-7 (45)
Short-term bank deposits	13,487	11,963	5,760	7,105	SFRS(I) 1-7 (45)
	<b>94,777</b>	<b>31,170</b>	<b>19,346</b>	<b>17,278</b>	

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

SFRS(I) 1-7 (45)

	<u>Group</u>		
	31 December		
	2021	2020	
	\$'000	\$'000	
Cash and bank balances (as above)	94,777	31,170	
Less: Bank deposits pledged <sup>3</sup>	(300)	(450)	
Less: Bank overdrafts (Note 31)	(4,460)	(3,960)	SFRS(I) 1-7 (8)
Cash and cash equivalents per consolidated statement of cash flows	<b>90,017</b>	<b>26,760</b>	

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 31(a)).

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 13. Cash and cash equivalents (continued)

### Acquisition and disposal of subsidiaries

Please refer to Note 46 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

On 2 January 2020, the Group disposed of its 70%-owned subsidiary, PwC Glass Sdn. Bhd. The effects of the disposal on the cash flows of the Group were:

	<u>Group</u> At 2 January 2020 \$'000	
Carrying amounts of assets and liabilities as at the date of disposal:		SFRS(I) 1-7 (40(d))
Cash and cash equivalents	300	
Property, plant and equipment	1,563	
Trademark and licences	100	
Inventory	1,370	
Total assets	<u>3,333</u>	
Trade and other payables	104	
Other current liabilities	20	
Provisions	96	
Total liabilities	<u>220</u>	
Net assets derecognised	3,113	
Less: Non-controlling interests	<u>(75)</u>	
Net assets disposed of	<u>3,038</u>	
Cash inflows arising from disposal:		
Net assets disposed of (as above)	3,038	
Reclassification of currency translation reserve (Note 37(b)(v))	19	SFRS(I) 5 (38)
Total assets	<u>3,057</u>	
Gain on disposal	-	
Cash proceeds on disposal	<u>3,057</u>	SFRS(I) 1-7 (40(a), (b))
Less: Cash and cash equivalents in subsidiary disposed of	<u>(300)</u>	SFRS(I) 1-7 (40(c))
Net cash inflow on disposal	<u>2,757</u>	



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Cash and cash equivalents

#### Cash equivalents for the purpose of presenting statement of cash flows

- Under SFRS(I) 1-7, cash equivalents are defined as “short-term, highly liquid investment that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value”. An investment normally qualifies as a cash equivalent when it has a short maturity of three months or less from the date of “acquisition”.
- The classification of the movement of cash subjected to restriction that does not meet the definition of cash and cash equivalents would depends on the nature of the item and the restriction in force. For example, where the cash deposit is placed as collateral for a performance bond, the movement in the cash deposit would form part of the operating cash flows. In this publication, this movement has been presented under “financing activities” in the statement of cash flows as the bank deposit was pledged in relation to the security granted for certain borrowings.

SFRS(I) 1-7  
(7)-(9)

SFRS(I) 1-7  
(6)

#### Cash subject to restriction

- There may be circumstances in which cash and bank balances held by an entity are not available for use by the Group. An example is when a subsidiary operates in a country where exchange controls or other legal restrictions apply.

SFRS(I) 1-7  
(48), (49)

The economic substance of the restrictions would depend on the facts and circumstances in each individual case and should be assessed separately. If the funds do meet the criteria to be classified as cash and cash equivalents but the use of the funds is subject to restrictions, disclosure is required of the relevant amounts along with a commentary on their restriction. The following disclosure can be considered:

“Included in cash and cash equivalents are bank deposits amounting to \$[ ] (2020: \$[ ]) which are not freely remissible for use by the Group because of currency exchange restrictions.”

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 14. Financial assets, at FVPL<sup>4,5</sup>

	Group		DV
	2021	2020	
	\$'000	\$'000	
Beginning of financial year	13,600	11,895	
Additions	500	1,490	
Fair value gains (Note 8)	750	515	
Disposals	(100)	(300)	
End of financial year	14,750	13,600	

	Group		SFRS(I) 7 (31), (34(c))
	31 December		
	2021	2020	
	\$'000	\$'000	
Current			
Listed securities:			
- Equity securities – Singapore <sup>1</sup>	8,435	8,235	
- Equity securities – US <sup>1</sup>	3,365	3,065	
	11,800	11,300	
Non-current			
Non-listed debt instruments:			
- Mandatorily redeemable preference shares <sup>2</sup>	2,350	2,300	
- Convertible bond	600	-	
	2,950	2,300	
Total	14,750	13,600	

The instruments are all mandatorily measured at fair value through profit or loss.<sup>3</sup> SFRS(I) 7 (8(a)(ii))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial assets, at FVPL

1. An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period. Information such as the countries in which the equity securities are listed, and the interest rates and maturity dates of the debt securities shall be disclosed if the information is material to enable the users to evaluate the nature and extent of risks arising from those financial assets.
2. To determine which measurement category the financial asset falls into, management should first consider, whether the financial asset is an investment in equity instrument, as defined in SFRS(I) 1-32, by considering from the perspective of the issuer.

Where the classification involves significant judgement and the relevant amounts are material, the entity should consider disclosing the rationale for classifying such shares as debt instruments.

3. The entity would need to disclose each of these following financial assets and the associated gains/losses separately. If an entity has financial assets measured at FVPL of which:
  - Some were designated as such upon initial recognition;
  - Some were designated as such in accordance with paragraph 6.7.1 of SFRS(I) 9; and
  - Some were mandatorily measured at FVPL in accordance with the requirements of SFRS(I) 9.

All of PwC Holdings Ltd's financial assets are mandatorily measured at FVPL, hence, this disclosure does not apply.

4. If an entity has designated financial assets at FVPL which would otherwise be measured at FVOCI or amortised cost, the entity must provide additional disclosures as required under paragraph 9 of SFRS(I) 7.

SFRS(I) 7  
(31)

SFRS(I) 1-1  
(122)

SFRS(I) 7  
(8(a), 20(a),  
(i))

SFRS(I) 7 (9)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial assets, at FVPL (continued)

5. If an entity has financial liabilities designated at FVPL, a number of additional disclosures apply as set out in paragraphs 8, 10, 10A, 11 and 20 of SFRS(I) 7. Some, but not all of these are illustrated as follows:

### Financial liabilities designated at FVPL

The Group has convertible debentures which are classified entirely as liabilities because they were issued in a currency other than the functional currency of the Company. As the instrument contains an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as fair value through profit or loss are expensed as incurred.

The component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss, but are transferred to retained profits when realised. Fair value changes relating to market risk are recognised in profit or loss.

	2021	2020
	\$'000	\$'000
Carrying amount	105,216	104,715
Includes:		
- Cumulative change in fair value of convertible debentures attributable to changes in credit risk, recognised in the FVOCI reserve	217	225
Amount the company is contractually obligated to pay to the holders of the convertible debentures at maturity	102,620	102,620
<b>Difference between carrying amount and the amount the company is contractually obligated to pay to holders of the debentures at maturity</b>	<b>2,596</b>	<b>2,095</b>

The Group determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the convertible debentures. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are included in the assessment of market risk fair value changes.

The Group believes that this approach most faithfully represents the amount of change in fair value due to the company's own credit risk, as the changes in factors contributing to the fair value of the convertible debentures other than changes in the benchmark interest rate are not deemed to be significant.

SFRS(I) 7  
(B5(a))  
SFRS(I) 7  
(21)  
SFRS(I) 9  
(4.3.5)

SFRS(I) 9  
(5.7.7)

SFRS(I) 7  
(10(a))

SFRS(I) 7  
(10(b))

SFRS(I) 7  
(11(a))  
SFRS(I) 9  
(B5.7.13) –  
(B5.7.20)

SFRS(I) 7  
(11(b))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 15. Derivative financial instruments

	Group			Company			DV
	Contract notional amount <sup>4</sup> \$'000	Fair value		Contract notional amount <sup>5</sup> \$'000	Fair value		
		Asset \$'000	Liability \$'000		Asset \$'000	Liability \$'000	
<b>31 December 2021</b>							
Derivatives held for hedging:							
Cash-flow hedges							
- Interest rate swaps	27,000	-	(1,011)	-	-	-	
- Currency forwards	15,000	1,508	-	-	-	-	
Fair value hedge							
- Currency forwards	10,000	1,448	-	-	-	-	
Derivatives not held for hedging:							
- Currency forwards	8,000	-	(2,079)	2,000	150	-	
<b>Total</b>		<b>2,956</b>	<b>(3,090)</b>		<b>150</b>	<b>-</b>	
- Current <sup>2,3</sup>		288	-		-	-	SFRS(I) 1-1 (66), (69)
- Non-current <sup>2,3</sup>		2,668	(3,090)		150	-	SFRS(I) 1-1 (66), (69)
<b>Total</b>		<b>2,956</b>	<b>(3,090)</b>		<b>150</b>	<b>-</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 15. Derivative financial instruments (continued)

	Group			Company			DV
	Contract notional amount \$'000	Fair value		Contract notional amount \$'000	Fair value		
		Asset \$'000	Liability \$'000		Asset \$'000	Liability \$'000	
<b>31 December 2020</b>							
Derivatives held for hedging:							
Cash-flow hedges							
- Interest rate swaps	30,324	308	-	-	-	-	
- Currency forwards	13,410	-	(766)	-	-	-	
Fair value hedge							
- Currency forwards	2,400	1,854	-	2,100	211	-	
Derivatives not held for hedging:							
- Currency forwards	1,908	-	(610)	-	-	-	
<b>Total</b>		<u>2,162</u>	<u>(1,376)</u>		<u>211</u>	<u>-</u>	
- Current		1,854	(1,376)		211	-	SFRS(I) 1-1 (66), (69)
- Non-current		308	-		-	-	SFRS(I) 1-1 (66), (69)
<b>Total</b>		<u>2,162</u>	<u>(1,376)</u>		<u>211</u>	<u>-</u>	

Reference

15. Derivative financial instruments (continued)

Hedging instruments used in Group's hedging strategy in 2021

Group	Carrying Amount		Changes in fair value used for calculating hedge ineffectiveness		Hedge ineffectiveness recognised in P&L <sup>*4</sup>	Weighted average hedged rate <sup>5</sup>	Maturity date <sup>6</sup>
	Contractual notional amount <sup>5</sup>	Assets/ (Liabilities)	Financial statement line item	Hedging instrument	Hedged Item		
	\$'000	\$'000		\$'000	\$'000		
<b>Fair value hedge</b>							
Foreign exchange risk <sup>1</sup>							
- Forward contracts to hedge firm commitments	10,000	1,448	Derivative financial instruments	1,448	(1,447)	1 USD \$1 : \$1.50 RMB 4.7: \$1	June 2023 - Sept 2023
<b>Cash flow hedge</b>							
Foreign exchange risk <sup>1</sup>							
- Forward contracts to hedge highly probable transactions	15,000	1,508	Derivative financial instruments	1,220	(1,217)	3 USD \$1 : \$1.45	March 2022 - June 2023
Interest rate risk <sup>1</sup>							
- Interest rate swap to hedge floating rate borrowings	27,000	(1,011)	Derivative financial instruments	(1,011)	1,009	(2) 5.8%	June 2023 - Jan 2024
<b>Net investment hedge</b>							
Foreign exchange risk <sup>1</sup>							
- Borrowings to hedge net investments in foreign operations	-	(3,010)	Borrowings	216	(216)	- RMB 4.7 : \$1	June 2023

\* All hedge ineffectiveness is recognised in profit and loss within "other gains/losses".

SFRS(I) 7  
(23A, 23B,  
24A,  
24B(a)(iv),  
24B(b)(i),  
24C(a)(i),  
24C(b)(i),  
24C(b)(ii))

SFRS(I) 7  
(24C(a)(iii),  
24C(b)(iii))

PwC Holdings Ltd and its Subsidiaries

Reference

**Notes to the Financial Statements**

For the financial year ended 31 December 2021

**15. Derivative financial instruments (continued)**

Hedging instruments used in Group's hedging strategy in 2020

	<u>Carrying Amount</u>		<u>Changes in fair value used for calculating hedge ineffectiveness</u>		<u>Hedge ineffectiveness recognised in P&amp;L**4</u>	<u>Weighted average hedged rate<sup>6</sup></u>	<u>Maturity date<sup>6</sup></u>	SFRS(I) 7 (23A, 23B, 24A, 24B(a)(iv), 24B(b)(i), 24C(a)(i), 24C(b)(i), 24C(b)(ii))
	<u>Contractual notional amount<sup>5</sup></u>	<u>Assets/ (Liabilities)</u>	<u>Financial statement line item</u>	<u>Hedging instrument</u>	<u>Hedged Item</u>			
<u>Group</u>	\$'000	\$'000		\$'000	\$'000	\$'000		
<b>Fair value hedge</b>								
Foreign exchange risk <sup>1</sup>								
- Forward contracts to hedge firm commitments	2,400	1,854	Derivative financial instruments	1,535	(1,534)	1	USD \$1 : \$1.52 RMB 4.83 : \$1	Jan 2021 - March 2021
<b>Cash flow hedge</b>								
Foreign exchange risk <sup>1</sup>								
- Forward contracts to hedge highly probable transactions	13,410	(766)	Derivative financial instruments	(276)	274	(2)	USD \$1 : \$1.52	Jan 2021 - March 2021
Interest rate risk <sup>1</sup>								
- Interest rate swap to hedge floating rate borrowings	30,324	308	Derivative financial instruments	(337)	334	(3)	6.10%	2022
<b>Net investment hedge</b>								
Foreign exchange risk <sup>1</sup>								
- Borrowings to hedge net investments in foreign operations	-	(3,010)	Borrowings	(296)	296	-	RMB 4.83 : \$1	2023
<b>Company</b>								
<b>Fair value hedge</b>								
Foreign exchange risk <sup>1</sup>								
- Forward contracts to hedge firm commitments	2,100	211	Derivative financial instruments	(7)	7	-	USD \$1 : \$1.52	Jan 2021 - March 2021

\* All hedge ineffectiveness is recognised in profit and loss within "other gains/losses".

SFRS(I) 7  
(24C(a)(ii),  
24C(b)(iii))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 15. Derivative financial instruments (continued)

Effects of fair value hedges on hedged items are as follows:

	<u>Carrying amount of assets/ (liabilities)</u> \$'000	<u>Financial statement line item that includes hedged item</u>	<u>Accumulated amount of fair value adjustments</u> \$'000	SFRS(I) 7 (24B(a)(i), (ii), (iii))
<b>2021</b>				
<b><u>Group</u></b>				
<b>Fair value hedge</b>				
Foreign exchange risk				
- Forward contracts to hedge firm commitments	200	Trade and other receivables	27	
<b>2020</b>				
<b><u>Group</u></b>				
<b>Fair value hedge</b>				
Foreign exchange risk				
- Forward contracts to hedge firm commitments	340	Trade and other receivables	35	
<b><u>Company</u></b>				
<b>Fair value hedge</b>				
- Forward contracts to hedge firm commitments	5	Trade and other receivables	(2)	

The Company did not apply fair value hedging in 2021.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Derivative financial instruments

#### Disclosure by risk category

1. SFRS(I) 7 requires an entity to provide hedge accounting disclosures by risk categories. An entity shall determine each risk category on the basis of risk exposures it decides to hedge, and for which hedge accounting is applied. Risk categories shall be determined consistently for all hedge accounting disclosures. SFRS(I) 7 does not prescribe on the level of disaggregation of hedge accounting disclosures required, however, an entity shall use the same level of aggregation or disaggregation it uses for disclosure requirements of related information in SFRS(I) 7 and SFRS(I) 13 Fair value measurement.

SFRS(I) 7  
(21C), (21D)

#### Classification as current or non-current

2. The classification of financial instruments as held for trading under SFRS(I) 9 does not mean that they must necessarily be presented as current in the balance sheet. If a financial liability is primarily held for trading purposes it should be presented as current. If it is not held for trading purposes, it should be presented as current or non-current on the basis of its settlement date. Financial assets should only be presented as current assets if the entity expects to realise them within 12 months.
3. The treatment of hedging derivatives will be similar. Where a portion of a financial asset is expected to be realised within 12 months of the end of the reporting period, that portion should be presented as a current asset; the remainder of the financial asset should be shown as a non-current asset. This suggests that hedging derivatives should be split into current and non-current portions. However, as an alternative, the full fair value of hedging derivatives could be classified as current if the hedge relationships are for less than 12 months and as non-current if those relationships are for more than 12 months.

SFRS(I) 1-1  
(66), (69)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Derivative financial instruments (continued)

#### Designation of hedging instruments

4. SFRS(I) 9 introduces the concept of 'costs of hedging'. SFRS(I) 9 permits three exceptions where certain components of the derivative instrument may be designated as the hedging instrument, as follows:
  - (a) separating the forward element and spot element of a forward contract, and designating only the change in the spot element as hedging instrument;
  - (b) separating and excluding the foreign currency basis spread from the designated hedging instrument; and
  - (c) separating the intrinsic value and time value of an option contract, and designating only the change in intrinsic value of an option as the hedging instrument.

SFRS(I) 9  
(6.2.4)

Where the above exceptions are applied, the changes in the fair value of the component of the derivative instrument not designated as a hedging instrument is recognised in OCI and deferred in a hedging reserve in equity.

#### Disclosure of contractual notional amounts

5. SFRS(I) 7 requires the disclosure of the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments. While not mandatory for non-hedging derivative financial instruments, these may be included to enable users to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed to during and at the end of the financial period.

SFRS(I) 7  
(24A(d))

SFRS(I) 7  
(1(b))

#### Disclosure of the amount, timing and uncertainty of future cash flows

6. An entity shall disclose quantitative information by risk category to allow users of the financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows by disclosing:
  - (a) A profile of the timing of the nominal amount of the hedging instrument; and
  - (b) The average price (for example, strike price or forward price etc) of the hedging instruments, if applicable.

SFRS(I) 7  
(23A), (23B)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 16. Financial assets, at FVOCI

	<u>Group</u>		<u>Company</u>		DV
	<b>2021</b>	2020	<b>2021</b>	2020	
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	
Beginning of financial year	<b>13,452</b>	15,850	<b>1,600</b>	1,500	
Fair value gain/(losses) (Note (a))	<b>1,750</b>	(1,459)	<b>15</b>	(68)	
Additions	<b>500</b>	174	-	168	
Disposals (Note (b))	<b>(10,977)</b>	(1,113)	-	-	
End of financial year	<b>4,725</b>	13,452	<b>1,615</b>	1,600	

	<u>Group</u>		<u>Company</u>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

### Non-current assets

Listed equity securities<sup>1</sup>:

- ABC Limited	<b>1,900</b>	1,600	<b>1,615</b>	1,600	SFRS(I) 7 (11A(a), (c))
- XYZ Limited	-	5,744	-	-	
- EFG Plc	<b>2,300</b>	2,014	-	-	
	<b>4,200</b>	9,358	<b>1,615</b>	1,600	

Unlisted debt securities<sup>2</sup>:

- SGD corporate variable rate notes due 30 November 2020	-	4,094	-	-
- SGD corporate fixed rate notes due 30 June 2025	<b>525</b>	-	-	-
	<b>525</b>	4,094	-	-
	<b>4,725</b>	13,452	<b>1,615</b>	1,600

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 16. Financial assets, at FVOCI (continued)

- (a) Fair value gains/losses include a loss allowance due to impairment of debt instruments, at FVOCI of \$5,000 (2020: \$8,000) (Note 42(b)). SFRS(I) 7  
(16A)
- (b) During the financial year ended 31 December 2021, the Group disposed listed equity securities as the underlying investment was no longer aligned with the Group's long-term investment strategy. These investments had a fair value of \$5,844,000 (2020: \$1,113,000) at the date of disposal, and the cumulative gain on disposal amounted to \$300,000 (2020: \$257,000), net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits. SFRS(I) 7  
(11B)  
SFRS(I) 7  
(11A(e))

### Guidance notes

#### Financial assets, at FVOCI

1. Requirement to disclose the identity of each individual equity investment depends on whether the identity of each individual equity investment is material information under SFRS(I) 1-1 by considering the size or nature of the item (or a combination of both). Whether the identity of each individual equity investment held by an entity is material to the financial statement is a matter of judgement. SFRS(I) 7  
(11A)

The identity of an individual equity investment might be considered material where an entity has a single large strategic investment designated at FVOCI. Conversely, the identity of an individual equity investment might not be considered material where an entity holds a large number of similar individual investments designated at FVOCI or where the value of each investment is not material. In this case, the entity should consider the disclosure at higher level of aggregation (for example, disclosing by type of investments, industries and geographical areas).

In this illustration, each individual investment is considered as material because it is held for strategic purpose.

2. The carrying amount of debt instruments measured at FVOCI in accordance with paragraph 4.1.2A of SFRS(I) 9 is not reduced by a loss allowance and an entity shall not present the loss allowance separately in the statement of financial position as a reduction of the carrying amount of the financial asset. However, an entity shall disclose the loss allowance in the notes to the financial statements. SFRS(I) 7  
(16A)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 17. Other investments at amortised cost

	Group	DV
	2021	2020
	\$'000	\$'000
Beginning of financial year	2,403	2,403
Addition	1,500	-
Accrued interest	47	23
Impairment recognised in profit and loss during the year	(453)	(23)
End of financial year	3,497	2,403
	2021	2020
	\$'000	\$'000
		SFRS(I) 7 (31)
<b>Current</b>		
Unlisted SGD floating rate notes due 28 June 2021	482	-
Listed SGD corporate 4.4% fixed rate notes due 27 August 2021	321	-
	803	-
Less: Loss allowance	(40)	-
	763	-
<b>Non-current</b>		
Unlisted SGD 5.5% fixed rate notes due 31 May 2022	1,647	1,650
Listed SGD corporate 5% fixed rate notes due 31 May 2026	1,500	-
Unlisted SGD floating rate notes due 28 June 2021	-	472
Listed SGD corporate 4.4% fixed rate notes due 27 August 2021	-	311
	3,147	2,433
Less: Loss allowance	(413)	(30)
	2,734	2,403
<b>Total</b>	<b>3,497</b>	<b>2,403</b>

The fair values of non-current fixed rate notes are \$2,850,000. The fair values are based on discounted cash flows using the market interest rates for an equivalent bond at 31 December 2021. The fair values are within Level 2 of the fair value hierarchy.

SFRS(I) 13  
(93(b), (d))SFRS(I) 13  
(97)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 18. Trade and other receivables – Current

SFRS(I) 1-  
1(77,78(b))

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Associates	197	214	-	-
- Subsidiaries	-	-	379	700
- Non-related parties	18,475	25,919	5,658	5,319
	18,672	26,133	6,037	6,019
Less: Loss allowance	(894)	(735)	(297)	(266)
	17,778	25,398	5,740	5,753
Loan to an associate (Note (a))	2,456	1,440	-	-
Less: Non-current portion (Note 20)	(1,357)	(1,047)	-	-
	1,099	393	-	-
Other receivables	35	49	15	18
Finance lease receivables (Note (b))	2,800	2,010	-	-
Staff loans (Note 21)	50	70	30	35
Government grant receivable: (Note 7)	150	-	43	-
Deposits	217	316	-	-
Prepayments	256	245	2	18
	22,385	28,481	5,830	5,824

SFRS(I) 1-1  
(78(b))  
SFRS(I) 1-24  
(18(b))  
SFRS(I) 1-24  
(18(b))SFRS(I) 1-24  
(18(b))

- (a) The loan to an associate, PwC A Property (Hong Kong) Limited is unsecured. Loan amounting to \$1,357,000 (2020: \$1,047,000) is repayable in full by 31 December 2023 (Note 20). Interest is fixed at 2.3% per annum.
- (b) The finance lease receivables relate to a sublease which was classified as finance lease, as disclosed in Note 28.

SFRS(I) 1-24  
(18(b))  
SFRS(I) 7 (31)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 19. Inventories<sup>1</sup>

SFRS(I) 1-1  
(78(c))

	<u>Group</u>		<u>Company</u>		
	31 December		31 December		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
<u>At cost</u>					
Raw materials	12,585	11,619	-	-	SFRS(I) 1-2 (37)
Work-in-progress	2,458	3,012	-	-	SFRS(I) 1-2 (37)
Finished goods	12,456	17,830	2,245	3,305	SFRS(I) 1-2 (37)
	<u>27,499</u>	<u>32,461</u>	<u>2,245</u>	<u>3,305</u>	

The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$75,174,000 (2020: \$54,508,000).

SFRS(I) 1-2  
(36(d)), (38),  
(39)

Inventories of \$1,500,000 (2020: \$1,000,000) of the Group and \$500,000 (2020: \$500,000) of the Company have been pledged as security for bank overdrafts of the Group and the Company (Note 31(a)).

SFRS(I) 1-2  
(36(h))

The Group reversed \$380,000 (2020: \$nil) of a previous inventory write-down in August 2021. The Group has sold all the goods that were written down to an independent retailer in China at original cost. The amount reversed has been included in “cost of sales”. No inventory write-down or reversal was recognised in 2020.

SFRS(I) 1-2  
(36(f), (g))

### Guidance notes

#### Inventories

1. Separate disclosure of finished goods at fair value less costs to sell is required where applicable per SFRS(I) 13 (e.g., for commodity broker-traders who measure their inventories at fair value less costs to sell). When inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

SFRS(I) 13 (5)  
SFRS(I) 1-2  
(3(b)), (36(c))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 20. Trade and other receivables – non-current

SFRS(I) 1-1(77,78(b))

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Finance lease receivables (Note 28)	7,711	5,534	-	-
Loan to an associate (Note 18)	1,357	1,047	-	-
Loans to subsidiaries	-	-	4,693	3,032
Staff loans (Note 21)	50	593	40	115
Indemnification asset <sup>1</sup> (Note 46(i))	400	200	-	-
	<b>9,518</b>	<b>7,374</b>	<b>4,733</b>	<b>3,147</b>

SFRS(I) 1-24 (18(b))

The loans to subsidiaries by the Company are unsecured, interest bearing at the three-month deposit rate plus 1.5% per annum and will be repayable in full on 31 December 2023.

SFRS(I) 1-24 (18(b)(i))  
SFRS(I) 7 (31)

The fair values of non-current trade and other receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy.

SFRS(I) 7 (25)  
SFRS(I) 13 (93(b,d),97)

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Fair value</u>				
Finance lease receivables	7,805	5,648	-	-
Loan to an associate	1,410	1,250	-	-
Loans to subsidiaries	-	-	4,600	3,039
Staff loans	59	628	46	121

SFRS(I) 7 (6), (26)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 20. Trade and other receivables – non-current (continued)

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
<u>Market borrowing rate</u>	%	%	%	%
Finance lease receivables	7.1	7.2	-	-
Loan to an associate	7.3	7.5	-	-
Loans to subsidiaries	-	-	6.3	6.5
Staff loans	7.5	7.6	7.4	7.5

### Guidance notes

#### Subsequent measurement of indemnification assets

- At the end of each subsequent reporting period, the acquirer shall measure an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any contractual limitation on its amount. The indemnification asset is subject to recoverability considerations. A loss allowance (provision for a doubtful recoverability of the receivable) might be included in the indemnification asset's carrying value. The indemnification asset's value is adjusted to reflect any contractual limitations on the indemnified amount.

SFRS(I) 3  
(57)

#### Factoring of receivables

- Certain entities may have receivables which are subject to factoring arrangements. If the entity has receivables that are factored under a factoring arrangement but not derecognised, the following illustrative disclosure may be considered:

SFRS(I) 7  
(42D)

"The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has factored the relevant receivables in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the factored assets in their entirety in the balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost."



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 21. Staff loans

DV

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Receivables due				
- Not later than one year (Note 18)	50	70	30	35
- Later than one year but within five years (Note 20)	50	593	40	115
	<b>100</b>	<b>663</b>	<b>70</b>	<b>150</b>

Staff loans included \$15,000 (2020: \$15,000) made to a member of key management personnel of the Group. The loan is unsecured, interest free and repayable in full on 31 December 2023.

SFRS(I) 1-24  
(18)

## 22. Investments in associates

<u>Company</u>	2021	2020
	\$'000	\$'000
Equity investments at cost		
Beginning and end of financial year	<b>1,000</b>	<b>1,000</b>

DV

Set out below are the associates which are material to the Group.

<u>Name of entity</u>	<u>Place of business / country of incorporation</u>	<u>% of ownership interest</u>	
		31 December 2021	2020
PwC A Property (Hong Kong) Limited	Hong Kong	35	35
PwC A Furniture Sdn. Bhd.	Malaysia	25	25

SFRS(I) 12  
(21)(a)(i), (iii),  
(iv)

Notes

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 22. Investments in associates (continued)

PwC A Property (Hong Kong) Limited is an investment holding company with subsidiaries holding significant real estate investments in Hong Kong. PwC A Property (Hong Kong) is a strategic partnership for the Group, providing access to new markets in Hong Kong.

SFRS(I) 12  
(21(a)(ii))

PwC A Furniture Sdn. Bhd. markets and distributes furniture in Malaysia. PwC A Furniture Sdn. Bhd. provides the Group with access to expertise in efficient marketing and distribution processes for its own furniture business and access to key trends.

SFRS(I) 12  
(21(a)(ii))

As at 31 December 2021, the fair value of the Group's interest in PwC A Property (Hong Kong) Limited, which is listed on the Hong Kong Stock Exchange, was \$1,521,000 (2020: \$1,486,000). The fair value is classified within Level 1 of the fair value hierarchy. The carrying amount of the Group's interest was \$737,000 (2020: \$710,000).

SFRS(I) 12  
(21(b)(iii))

There are no contingent liabilities relating to the Group's interest in the associates<sup>2</sup>.

SFRS(I) 12  
(23(b))

### Summarised financial information for associates<sup>3</sup>

#### Summarised balance sheet

SFRS(I) 12  
(21(b)(ii))

	PwC A Property (Hong Kong) Limited		PwC A Furniture Sdn. Bhd.		
	31 December		31 December		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
Current assets	3,650	3,210	24,863	21,357	SFRS(I) 12 (B12(b)(i))
Current liabilities	(3,628)	(3,401)	(15,080)	(14,320)	SFRS(I) 12 (B12(b)(iii))
Non-current assets	6,042	5,890	27,245	25,206	SFRS(I) 12 (B12(b)(ii))
Non-current liabilities	(5,674)	(5,385)	(14,232)	(13,211)	SFRS(I) 12 (B12(b)(iv))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 22. Investments in associates (continued)

### Summarised statement of comprehensive income

	PwC A Property (Hong Kong) Limited		PwC A Furniture Sdn. Bhd.		
	<u>For the year ended</u> <u>31 December</u>		<u>For the year ended</u> <u>31 December</u>		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
Revenue	<b>3,819</b>	3,112	<b>24,185</b>	21,363	SFRS(I) 12 (B12(b)(v))
Profit/(loss) from continuing operations	<b>94</b>	(169)	<b>3,329</b>	2,317	SFRS(I) 12 (B12(b)(vi))
Post-tax profit/(loss) from continuing operations	<b>76</b>	(169)	<b>2,588</b>	2,106	DV
Post-tax profit from discontinued operations <sup>4</sup>	-	-	-	-	SFRS(I) 12 (B12(b)(vii))
Other comprehensive gain	-	-	<b>260</b>	140	SFRS(I) 12 (B12(b)(viii))
Total comprehensive income/(loss)	<b>76</b>	(169)	<b>2,848</b>	2,246	SFRS(I) 12 (B12(b)(ix))
Dividends received from associate <sup>4</sup>	-	-	-	-	SFRS(I) 12 (B12(a))

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates.

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

	As at 31 December		
	2021	2020	
	\$'000	\$'000	
Loss from continuing operations	<b>(293)</b>	(416)	SFRS(I) 12 (B16(a))
Post-tax profit from discontinued operations <sup>4</sup>	-	-	SFRS(I) 12 (B16(b))
Other comprehensive income	<b>3</b>	-	SFRS(I) 12 (B16(c))
Total comprehensive loss	<b>(290)</b>	(416)	SFRS(I) 12 (B16(d))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 22. Investments in associates (continued)

### Reconciliation of summarised financial information

SFRS(I) 12  
(B14(b))

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

	PwC A Property (Hong Kong) Limited		PwC A Furniture Sdn. Bhd.		Total	
	31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net assets	390	314	22,796	19,032	23,186	19,346
Group's equity interest	35%	35%	25%	25%	-	-
Group's share of net asset	137	110	5,699	4,758	5,836	4,868
Goodwill	600	600	420	420	1,020	1,020
Carrying value	737	710	6,119	5,178	6,856	5,888
Add: Carrying value of individually immaterial associates, in aggregate <sup>3</sup>					1,428	1,718
Carrying value of Group's interest in associates					8,284	7,606

SFRS(I) 12  
(B16)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investments in associates

#### Cumulative preference shares issued by associates

1. If an associate has cumulative preference shares that are held by parties outside the Group and that are classified as equity, the Group computes its share of results after adjusting for the dividends on such shares, whether or not the dividends have been declared.

SFRS(I) 1-28  
(37)

#### Risks associated with an entity's interest in associates

2. In accordance with SFRS(I) 1-37, unless the probability of loss is remote, contingent liabilities incurred relating to the entity's interest in associates (including its share of contingent liabilities incurred jointly with other investors with significant influence over the associates), are required to be disclosed separately from the amount of other contingent liabilities.

SFRS(I) 12  
(23(b))

#### Summarised financial information of associates

3. Summarised financial information is required for the Group's interest in material associates. An entity is also required to disclose, in aggregate, the carrying amount of its interests in all individually immaterial associates that are accounted for using the equity method. An entity shall also disclose separately the aggregate amount of its share of those associates' profit or loss from continuing operations, post-tax profit or loss from discontinued operations, other comprehensive income, and total comprehensive income.
4. Some of the line items have nil balances but have been included for illustrative purpose.

SFRS(I) 12  
(21(b)(ii),  
21(c))  
SFRS(I) 12  
(B16)

#### Nature, extent and financial effects of an entity's interests in associates

5. An entity is required to disclose the nature and extent of any significant restriction (e.g. borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over an associate) on the ability of the associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.
6. When the financial statements of an associate used in applying the equity method are as of a date or for a period that is different from that of the entity, an entity is required to disclose the date of the end of the reporting period of the financial statements of that associate; and the reason for using a different date or period.
7. If the entity has stopped recognising its share of losses of the associate when applying the equity method, the entity is required to disclose the unrecognised share of losses of the associate, both for the reporting period and cumulatively.

SFRS(I) 12  
(22(a))

SFRS(I) 12  
(22(b))

SFRS(I) 12  
(22(c))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investments in associates (continued)

#### Nature, extent and financial effects of an entity's interests in associates (continued)

8. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interest that, in substance, forms part of the investor's net investment in the associate. SFRS(I) 9 impairment requirements are applied to other financial instruments, including any long-term interest forming part of the investor's net interest in an associate to which equity accounting is not applied.

SFRS(I) 1-28  
(38)

#### Entities classified as held for sale

9. The disclosure requirements of SFRS(I) 12 also apply to interests in entities that are classified as held for sale, except for the summarised information in paragraphs B10 to B16 of SFRS(I) 12.

SFRS(I) 12  
(5A), (B17)



## Notes to the Financial Statements

For the financial year ended 31 December 2021

### 23. Investment in a joint venture

	2021	2020	DV
<u>Company</u>	<u>\$'000</u>	<u>\$'000</u>	
Equity investments at cost			
Beginning and end of financial year	<b>880</b>	<b>880</b>	

Set out below is the joint venture of the Group as at 31 December 2021, which is material to the Group.

<u>Name of entity</u>	<u>Place of business/ country of incorporation</u>	<u>% of ownership interest</u>		SFRS(I) 12 (21)(a)(i), (iii), (iv)
		31 December		
		2021	2020	
PwC JV Logistics (PRC) Co. Ltd	China	60	60	

PwC JV Logistics (PRC) Co. Ltd provides freight forwarding and warehousing services and gives the Group access to efficient freight forwarding processes and quality warehousing service processes in China.

SFRS(I) 12  
(21)(a)(ii)

The Group has \$200,000 (2020: \$150,000) of commitments to provide funding if called, relating to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture. PwC JV Logistics (PRC) Co. Ltd has an unresolved legal case relating to a contract dispute with a customer. As the case is at an early stage in proceedings, it is not possible to determine the likelihood or amount of any settlement, should PwC JV Logistics (PRC) Co. Ltd be unsuccessful.<sup>2</sup>

SFRS(I) 12  
(23)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 23. Investment in a joint venture (continued)

### Summarised financial information for joint venture<sup>3</sup>

Set out below is the summarised financial information for PwC JV Logistics (PRC) Co. Ltd. SFRS(I) 12  
(21(b)(ii))

### Summarised balance sheet

	PwC JV Logistics (PRC) Co. Ltd 31 December		
	2021 \$'000	2020 \$'000	
<b>Current assets</b>	<b>8,102</b>	<b>6,711</b>	SFRS(I) 12 (B12(b)(i))
Includes:			SFRS(I) 12 (B13(a))
- Cash and cash equivalents <sup>4</sup>	<b>1,824</b>	<b>1,002</b>	
<b>Current liabilities</b>	<b>(11,385)</b>	<b>(10,428)</b>	SFRS(I) 12 (B12(b)(iii))
Includes:			SFRS(I) 12 (B13(b))
- Financial liabilities (excluding trade payables) <sup>4</sup>	<b>(9,846)</b>	<b>(9,340)</b>	
<b>Non-current assets</b>	<b>15,548</b>	<b>13,221</b>	SFRS(I) 12 (B12(b)(ii))
<b>Non-current liabilities</b>	<b>(9,537)</b>	<b>(7,409)</b>	SFRS(I) 12 (B12(b)(iv))
Includes:			SFRS(I) 12 (B13(c))
- Financial liabilities (excluding trade payables) <sup>4</sup>	<b>(6,981)</b>	<b>(6,520)</b>	





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 23. Investment in a joint venture (continued)

### Summarised statement of comprehensive income

PwC JV Logistics (PRC) Co. Ltd			
For the year ended			
31 December			
	2021	2020	
	\$'000	\$'000	
Revenue	10,728	10,228	SFRS(I) 12 (B12(b)(v))
Interest income <sup>4</sup>	320	320	SFRS(I) 12 (B13(e))
Expenses			
Includes:			
- Depreciation and amortisation <sup>4</sup>	(1,720)	(1,420)	SFRS(I) 12 (B13(d))
- Interest expense <sup>4</sup>	(3,308)	(3,108)	SFRS(I) 12 (B13(f))
<b>Profit from continuing operations</b>	<b>731</b>	<b>393</b>	SFRS(I) 12 (B12(b)(vi))
Income tax expense <sup>4, 5</sup>	(98)	-	SFRS(I) 12 (B13(g))
<b>Post-tax profit from continuing operations</b>	<b>633</b>	<b>393</b>	DV
<b>Post-tax profit from discontinued operations<sup>5</sup></b>	<b>-</b>	<b>-</b>	SFRS(I) 12 (B12(b)(vii))
<b>Other comprehensive income<sup>5</sup></b>	<b>-</b>	<b>-</b>	SFRS(I) 12 (B12(b)(viii))
<b>Total comprehensive income</b>	<b>633</b>	<b>393</b>	SFRS(I) 12 (B12(b)(ix))
<b>Dividends received from joint venture<sup>5</sup></b>	<b>-</b>	<b>-</b>	SFRS(I) 12 (B12(a))

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

SFRS(I) 12  
(B14(a))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 23. Investment in a joint venture (continued)

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, is as follows:

SFRS(I) 12  
(B14(b))

	PwC JV Logistics (PRC) Co. Ltd 31 December	
	2021	2020
	\$'000	\$'000
<b>Net Assets</b>	<b>2,728</b>	<b>2,095</b>
Group's equity interest	60%	60%
Group's share of net assets	1,637	1,257
Goodwill	200	200
<b>Carrying value</b>	<b>1,837</b>	<b>1,457</b>

### Guidance notes

#### Investment in a joint venture

##### Cumulative preference shares issued by joint ventures

1. If the joint venture has cumulative preference shares that are held by parties outside the Group and that are classified as equity, the Group computes its share of results after adjusting for the dividends on such shares, whether or not the dividends have been declared.

SFRS(I) 1-28  
(37)

##### Risks associated with an entity's interests in joint ventures

2. An entity is required to disclose commitments that it has relating to its joint ventures separately from the amount of other commitments as specified in SFRS(I) 12 (B18–B20).

SFRS(I) 12  
(23(a))

In accordance with SFRS(I) 1-37, unless the probability of loss is remote, contingent liabilities incurred relating to the entity's interests in joint ventures (including its share of contingent liabilities incurred jointly with other investors with joint control over, the joint ventures), are required to be disclosed separately from the amount of other contingent liabilities.

SFRS(I) 12  
(23(b))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment in a joint venture (continued)

#### Summarised financial information of joint ventures

3. Summarised financial information is required for the Group's interest in material joint ventures. In this illustration, PwC Holdings Ltd has provided the financial information for the Group's interests in its only joint venture. An entity is also required to disclose, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures that are accounted for using the equity method. An entity shall also disclose separately the aggregate amount of its share of those joint ventures' profit or loss from continuing operations, post-tax profit or loss from discontinued operations, other comprehensive income, and total comprehensive income.
4. There are more disclosure requirements in relation to summarised financial information of joint ventures than those for interests in associates. The following line items, while not required to be disclosed for associates, are required for joint ventures:
  - (a) cash and cash equivalents included in paragraph B12(b)(i).
  - (b) current financial liabilities (excluding trade and other payables and provisions) included in paragraph B12(b)(iii).
  - (c) non-current financial liabilities (excluding trade and other payables and provisions) included in paragraph B12(b)(iv).
  - (d) depreciation and amortisation.
  - (e) interest income.
  - (f) interest expense.
  - (g) income tax expense or income.
5. Some of the line items have nil balances but have been included for illustrative purposes.

SFRS(I) 12  
(21(b)(ii))

SFRS(I) 12  
(21(c))  
SFRS(I) 12  
(B16)

SFRS(I) 12  
(B13)

#### Nature, extent and financial effects of an entity's interests in joint ventures

6. An entity is required to disclose the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control over a joint venture) on the ability of the joint ventures to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.

SFRS(I) 12  
(22(a))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment in a joint venture (continued)

SFRS(I) 12  
(22(b))

### Nature, extent and financial effects of an entity's interests in joint ventures (continued)

7. When the financial statements of a joint venture used in applying the equity method are as of a date or for a period that is different from that of the entity, an entity is required to disclose the date of the end of the reporting period of the financial statements of that joint venture, and the reason for using a different date or period.
8. If the entity has stopped recognising its share of losses of the joint venture when applying the equity method, the entity is required to disclose the unrecognised share of losses of the joint venture, both for the reporting period and cumulatively.

SFRS(I) 12  
(22(c))

### Interest in a joint venture

SFRS(I) 1-28  
(38)

9. The interest in a joint venture is the carrying amount of the investment in the joint venture together with any long-term interests that, in substance, form part of the investor's net investment in the joint venture. For example, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the entity's investment in that joint venture. SFRS(I) 9 impairment requirements are applied to other financial instruments, including any long-term interest forming part of the investor's net interest in a joint venture to which equity accounting is not applied.

### Entities classified as held for sale

SFRS(I) 12  
(5A), (B17)

10. The disclosure requirement of SFRS(I) 12 also apply to interest in entities that are classified as held for sale, except for the summarised information in paragraph B10 to B16 of SFRS(I) 12.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 24. Investments in subsidiaries

	<u>Company</u>	
	2021	2020
	\$'000	\$'000
Equity investments at cost		
<b>Beginning of financial year</b>	<b>94,160</b>	95,160
Additions	<b>11,890</b>	-
Reclassified to non-current asset classified as held-for-sale (Note 11(f))	<b>(1,500)</b>	-
Disposal	-	(1,000)
<b>End of financial year</b>	<b>104,550</b>	94,160

The Group has the following subsidiaries as at 31 December 2021 and 2020:

<u>Name</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	Proportion of ordinary shares directly held by parent %	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests %	Proportion of preference shares held by the Group %
PwC Construction Pte Ltd	Construction of specialised equipment	Singapore	100	100	-	-
PwC Property (Singapore) Pte Ltd	Investment holding	Singapore	100	100	-	100
PwC Furniture (PRC) Co., Ltd	Sale of furniture	People's Republic of China	85	85	15	-
PwC Components (Singapore) Pte Ltd	Manufacture of component parts	Singapore	45	45	55	-
PwC Components (PRC) Co., Ltd	Manufacture of component parts	People's Republic of China	80	80	20	-
PwC Components (China) Co. Ltd	Manufacture of component parts	People's Republic of China	70	70	30	-
PwC Furniture (Philippines) Pte Ltd	Sale of furniture	Philippines	70	70	30	-

SFRS(I) 12  
(10(a),  
12(a-d))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 24. Investments in subsidiaries (continued)

In addition, the Group acquired the following subsidiary during 2021:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			31 December 2021	2020	31 December 2021	2020	31 December 2021	2020
			%	%	%	%	%	%
PwC Components (Dalian) Co., Ltd	Manufacture of component parts	People's Republic of China	95	-	95	-	5	-

The Group classified its 85%-owned subsidiary, PwC Components Thailand Co Ltd to disposal group held for sale during 2021 (Note 11).

### Significant restrictions<sup>1</sup>

SFRS(I) 12  
(13(a))

Cash and short-term deposits of \$1,585,000 (2020: \$1,043,000) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

	31 December		
	2021	2020	
Carrying value of non-controlling interests	\$'000	\$'000	SFRS(I) 12 (12(f))
PwC Components (Singapore) Pte Ltd	4,271	3,650	
PwC Components (China) Co. Ltd	7,896	6,351	
Other subsidiaries with immaterial non-controlling interest	628	533	
<b>Total</b>	<b>12,795</b>	<b>10,534</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 24. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests<sup>2</sup>

SFRS(I) 12  
(12(g)),  
(B10(b)), (B11)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

### Summarised balance sheet

	PwC Components (Singapore) Pte Ltd		PwC Components (China) Co. Ltd		SFRS(I) 12 (B10(b))
	31 December		31 December		
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	
<b>Current</b>					
Assets	7,981	6,440	19,434	16,887	
Liabilities	(3,298)	(2,998)	(6,218)	(5,890)	
Total current net assets	4,683	3,442	13,216	10,997	
<b>Non-current</b>					
Assets	5,757	3,411	14,880	9,980	
Liabilities	(2,286)	(2,337)	(5,232)	(4,431)	
Total non-current net assets	3,471	1,074	9,648	5,549	
Net assets	8,154	4,516	22,864	16,546	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 24. Investments in subsidiaries (continued)

### Summarised income statements

SFRS(I) 12  
(B10(b))

	PwC Components (Singapore) Pte Ltd		PwC Components (China) Co. Ltd	
	For year ended 31 December		For year ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue	18,343	12,554	32,650	25,330
<b>Profit before income tax</b>	<b>3,867</b>	<b>2,117</b>	<b>6,820</b>	<b>4,322</b>
Income tax expense	(657)	(644)	(1,344)	(1,030)
<b>Post-tax profit from continuing operations</b>	<b>3,210</b>	<b>1,473</b>	<b>5,476</b>	<b>3,292</b>
<b>Post-tax profit from discontinued operations<sup>4</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income	428	389	842	655
<b>Total comprehensive income</b>	<b>3,638</b>	<b>1,862</b>	<b>6,318</b>	<b>3,947</b>
Total comprehensive income allocated to non- controlling interests	2,001	1,024	1,895	1,184
Dividends paid to non- controlling interests	1,380	1,260	350	200

SFRS(I) 12  
(B10(a))

### Summarised cash flows

SFRS(I) 12  
(B10(b))

	PwC Components (Singapore) Pte Ltd		PwC Components (China) Co. Ltd	
	For year ended 31 December		For year ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Net cash generated from operating activities</b>	<b>4,640</b>	<b>3,813</b>	<b>5,690</b>	<b>2,634</b>
<b>Net cash used in investing activities</b>	<b>(1,028)</b>	<b>(855)</b>	<b>(1,845)</b>	<b>(1,110)</b>
<b>Net cash used in financing activities</b>	<b>(3,088)</b>	<b>(2,651)</b>	<b>(437)</b>	<b>(234)</b>





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment in subsidiaries

#### Nature and extent of significant restrictions

1. An entity is required to disclose information that enables users of its consolidated financial statements to evaluate the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the Group.

SFRS(I) 12  
(10(b)(i)), (13)

When the financial statements of a subsidiary used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements, an entity is required to disclose the date of the end of the reporting period of the financial statements of that subsidiary, and the reason for using a different date or period.

SFRS(I) 12  
(11)

#### Summarised financial information of subsidiaries with material non-controlling interests

2. Summarised financial information about the assets, liabilities, profit or loss and cash flows is required for the Group's subsidiaries with material non-controlling interests.

SFRS(I) 12  
(12g), (B10(b))

#### Transactions with non-controlling interests

3. An entity is required to present a schedule that shows the effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control.

SFRS(I) 12  
(18)

An illustration is as follows:

##### (a) Acquisition of additional interest in a subsidiary

On 21 April 2021, the Company acquired the remaining 5% of the issued shares of XYZ group for a purchase consideration of \$1,000,000. The Group now holds 100% of the equity share capital of XYZ group. The carrying amount of the non-controlling interests in XYZ group on the date of acquisition was \$400,000. The Group derecognised non-controlling interests of \$400,000 and recorded a decrease in equity attributable to owners of the parent of \$600,000. The effect of changes in the ownership interest of XYZ group on the equity attributable to owners of the Company during the year is summarised as follows:

	2021
	\$'000
Carrying amount of non-controlling interest acquired	400
Consideration paid to non-controlling interest	(1,000)
Excess of consideration paid recognised in parent's equity	<u>(600)</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment in subsidiaries (continued)

#### Transactions with non-controlling interests (continued)

- (b) Disposal of interest in a subsidiary without loss of control

On 5 September 2021, the Company disposed of a 10% equity interest in ABC Limited at a consideration of \$1,100,000. Following the disposal, the Company still controls ABC Limited, retaining 70% of the equity interests. The carrying amount of the non-controlling interests in ABC Limited on the date of disposal was \$2,000,000 (representing 20% interest). This resulted in an increase in non-controlling interest of \$1,000,000 and an increase in equity attributable to owner of the parent of \$100,000. The effect of changes in the ownership interest of ABC Limited on the equity attributable to owners of the Company during the year is summarised as follows:

	2021 \$'000
Carrying amount of interests in subsidiary disposed of	(1,000)
Consideration received from non-controlling interests	<u>1,100</u>
Excess of consideration received recognised in parent's equity	<u>100</u>

- (c) Effects of transactions with non-controlling interests on the equity attributable to owner of the parent for the year ended 31 December 2021

← Attributable to equity holders of the Company →				
2021	Other reserves	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000
Acquisition of additional interest in a subsidiary	(600)	(600)	(400)	(1,000)
Disposal of interests in a subsidiary without loss of control	100	100	1,000	1,100

Refer to Consolidated Statement of Changes in Equity for other equity items

4. Some of the line items have nil balances but have been included for illustrative purposes.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment in subsidiaries (continued)

#### Nature of risks associated with an entity's interests in consolidated and unconsolidated structured entities

5. An entity is required to disclose information that enable users of its consolidated financial statements to evaluate the nature of, and changes in, the risks associated with its interests in consolidated structured entities and unconsolidated structured entities (see paragraphs 14 to 17 and 24 to 31 of SFRS(I) 12).

SFRS(I) 12  
(14)-(17), (24)-  
(31)

#### Interests in unconsolidated subsidiaries (investment entities)

6. An investment entity that, in accordance with SFRS(I) 10, is required to apply the exception to consolidation and instead account for its investment in a subsidiary at fair value through profit or loss shall disclose that fact. For each unconsolidated subsidiary, an investment entity shall disclose details as required by SFRS(I) 12 (19B)(a-c) and SFRS(I) 12 (19D-G). If investment entity is the parent of another investment entity, the parent shall also provide the disclosure in SFRS(I) 12 (19B)(a-c) for investments that are controlled by its investment entity subsidiary. The disclosure may be provided by including, in the financial statements of the parent, the financial statements of the subsidiary (or subsidiaries) that contain the above information.

SFRS(I) 12  
(19A-G)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 25. Investment properties

<u>Group</u>	<u>Completed investment properties<sup>2</sup></u>	<u>Investment property under construction<sup>2</sup></u>	<u>Total</u>	<u>SFRS(I) 1-40 (76)</u>
	\$'000	\$'000	\$'000	
<b>2021</b>				
Beginning of financial year	17,292	46	17,338	
Additions (Note (a))	650	85	735	SFRS(I) 1-40 (76(a))
Disposals	(230)	-	(230)	SFRS(I) 1-40 (76(c))
Reclassified to disposal group (Note 11) <sup>3</sup>	-	-	-	SFRS(I) 1-40 (76(c))
Transfer from inventories (Note 19) <sup>3</sup>	-	-	-	SFRS(I) 1-40 (76(f))
Transfer from property, plant and equipment (Note 26) <sup>3</sup>	-	-	-	SFRS(I) 1-40 (76(f))
Net fair value loss recognised in profit or loss (Note 8)	(1,906)	-	(1,906)	SFRS(I) 1-40 (76(d))
End of financial year	15,806	131	15,937	

<b>2020</b>				
Beginning of financial year	16,918	-	16,918	
Additions (Note (a))	200	46	246	SFRS(I) 1-40 (76(a))
Net fair value gain recognised in profit or loss (Note 8)	174	-	174	SFRS(I) 1-40 (76(d))
End of financial year	17,292	46	17,338	

(a) Included in additions are acquisition of an investment property of \$650,000 (2020: \$200,000) and capitalised expenditure of \$85,000 (2020: \$46,000). SFRS(I) 1-40  
(76(a))

Bank borrowings are secured on investment properties of the Group with carrying amounts of \$3,000,000 (2020: \$2,800,000). SFRS(I) 1-40  
(75(g))

The following amounts are recognised in profit and loss: SFRS(I) 1-40  
(75(f))

	<u>Group</u>		
	<b>2021</b>	<b>2020</b>	
	\$'000	\$'000	
Rental income (Note 7)	<b>645</b>	521	SFRS(I) 1-40 (75(f)(i))
Direct operating expenses arising from:			
- Investment properties that generate rental income	<b>(48)</b>	(33)	SFRS(I) 1-40 (75(f)(ii))
- Investment properties that do not generate rental income	<b>(56)</b>	(48)	SFRS(I) 1-40 (75(f)(iii))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 25. Investment properties (continued)

At the balance sheet date, the details of the Group's investment properties are as follows<sup>4</sup>:

SGX 1207  
(11(b))

<u>Location</u>	<u>Description/existing use</u>	<u>Tenure</u>
Capital Square, 55 Upper Cross Street, Singapore	5-storey office building	Freehold
Marine One, 7 Straits Road, Singapore	18-storey office building	30-year lease from 1 January 2019
ABC Centre, Units #14-05 to #14-07, Connaught Road Central, Hong Kong	3 units of office space of a 50-storey office building	99-year lease from 1 January 2010

### Fair value hierarchy – Recurring fair value measurements

SFRS(I) 13  
(93(a), (b))

Description	<u>Fair value measurements using</u>		
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
	\$'000	\$'000	\$'000

### 31 December 2021

- Office buildings and land – Singapore	-	-	14,257
- Office units – Hong Kong	-	1,680	-

### 31 December 2020

- Office buildings and land – Singapore	-	-	16,018
- Office units – Hong Kong	-	1,320	-

### Reconciliation of fair value measurement to valuation report <sup>1</sup>

	<u>Group</u>		SFRS(I) 1-40 (77)
	<u>2021</u>	<u>2020</u>	
	\$'000	\$'000	
Fair value of investment property based on valuation report	4,009	4,650	
Add: Carrying amount of leased liabilities	10,248	11,368	
Carrying amount of investment property	14,257	16,018	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 25. Investment properties (continued)

### Valuation techniques and inputs used to derive Level 2 fair values

Level 2 fair values of the Group's properties were derived using the sales comparison approach. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the selling price per square metre.

SFRS(I) 13  
(93(d))

There were no changes in valuation techniques during the year.

SFRS(I) 13  
(93(d))

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period. There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2021 and 2020<sup>7</sup>.

SFRS(I) 13  
(95)  
SFRS(I) 13  
(93(c), (e)(iv))

### Reconciliation of movements in Level 3 fair value measurement

SFRS(I) 13  
(93)(e)

	Office buildings and land - <u>Singapore</u> \$'000	
<b>31 December 2021</b>		
Beginning of financial year	16,018	
Transfers to/(from) Level 3 <sup>7</sup>	-	SFRS(I) 13 (93(e)(iv))
Additions	196	SFRS(I) 13 (93(e)(iii))
Losses recognised in profit and loss, under "Other gains and losses"	(1,957)	SFRS(I) 13 (93(e)(i))
End of financial year	<u>14,257</u>	
Change in unrealised losses for assets held at the end of the financial year included in profit or loss, under "Other gains and losses"	<u>(2,325)</u>	SFRS(I) 13 (93(f))
<b>31 December 2020</b>		
Beginning of financial year	15,668	
Transfers to/(from) Level 3 <sup>7</sup>	-	SFRS(I) 13 (93(e)(iv))
Additions	246	SFRS(I) 13 (93(e)(iii))
Gains recognised in profit and loss, under "Other gains and losses"	104	SFRS(I) 13 (93(e)(i))
End of financial year	<u>16,018</u>	
Change in unrealised gains for assets held at the end of the financial year included in profit or loss, under "Other gains and losses"	<u>20</u>	SFRS(I) 13 (93(f))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 25. Investment properties (continued)

### Valuation techniques and inputs used in Level 3 fair value measurements

SFRS(I) 13  
(93(d), (h)(i))

SFRS(I) 13  
(99)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

### Investment properties

<u>Description</u>	<u>Fair value at 31 December 2021</u> (\$'000)	<u>Valuation technique<sup>6</sup></u>	<u>Unobservable inputs<sup>(a)</sup></u>	<u>Range of unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Office buildings and land – Singapore	14,257 (2020: 16,018)	Discounted cash flows	Discount rate	6.5% - 7.2% (2020: 6.2% - 7.5%)	The higher the discount rate, the lower the valuation.
			Terminal capitalisation rate	6.2% - 9.2% (2020: 6.5% - 9.6%)	The higher the terminal capitalisation rate, the lower the valuation.
			Average rental (per square foot per month)	\$7.5 - \$12 (2020: \$8 - \$13)	The higher the average rental, the higher the valuation.
			Length of lease (years)	28 - 91 (2020: 29 - 92)	The longer the length of lease in place, the higher the valuation.
			Age of building (years)	14 - 32 (2020: 13 - 31)	The higher the age of the building, the lower the valuation.

<sup>(a)</sup> There were no significant inter-relationships between unobservable inputs.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 25. Investment properties (continued)

### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2021 and 2020, the fair values of the properties have been determined by ABC Property Surveyors Limited.

SFRS(I) 13  
(93(g))  
SFRS(I) 13  
(IE65)  
SFRS(I) 13  
(93(i))  
SFRS(I) 1-40  
(75(e))

The finance department of the Group includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the CFO and the valuation team.

As part of this discussion, the valuation team presents a report that explains the reasons for the fair value movements.





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment properties

#### Adjustments to fair value

1. When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example, to avoid double counting for assets or liabilities that are recognised as separate assets and liabilities, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of each type of significant adjustment.

SFRS(I) 1-40  
(50), (77)

#### Reconciliation of carrying amount of investment properties

2. Entities are required to present a reconciliation of the carrying amount of investment properties at the beginning and the end of the period. This publication illustrates a breakdown of the reconciliation between completed investment properties and investment properties under construction. This presentation may be useful for readers of the financial statements to appreciate the changes in the carrying amounts. It may also be appropriate if completed properties and properties under construction are not categorised in the same level of the fair value hierarchy. It is however not a required disclosure and therefore such presentation is on a voluntary basis.
3. Some of the line items have nil balances but have been included for illustrative purpose.

SFRS(I) 1-40  
(76)  
SFRS(I) 13  
(94)

#### Details of investment properties

4. When the aggregate value for all properties for development, sale or for investment purposes held by the Group represent more than 15% of the value of the consolidated net tangible assets or contribute more than 15% of the pre-tax operating profit, the issuer must disclose certain information on the properties held for development and/or sale, and on the properties held for investment. The latter is illustrated in this publication.

SGX 1207 (11)

#### Quantitative sensitivity analysis of inputs used in Level 3 fair value measurements

5. SFRS(I) 13 does not explicitly require a quantitative sensitivity analysis; however, such a sensitivity analysis may be necessary in order to satisfy the requirement of paragraph 129 of SFRS(I) 1-1 in relation to sources of estimation uncertainty.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment properties (continued)

#### Description of valuation techniques

6. This publication illustrates investment properties measured using the discounted cash flow approach, which involves the estimation and projection of an income stream over a period and discounting the future income stream to arrive at the present value. There are other valuation techniques commonly used for valuing properties that fall under an income approach methodology, sale comparison approach (direct market comparison approach), where properties are valued using transacted prices for similar properties with appropriate adjustment to reflect the characteristics of the properties being valued, and the income capitalisation approach, where a yield is applied to a fixed income stream.

SFRS (I) 13  
(62)

#### Transfers between levels of fair value measurement

7. Property assets are often unique and not traded on a regular basis. For investment properties, it would be extremely rare to be quoted in an active market. As a result, most investment properties will be classified under Level 3 of the fair value hierarchy, with the exception of properties valued using transacted prices for similar properties with insignificant adjustments (e.g. homogenous units in the same building, a recently purchased building, etc.), which could be classified under Level 2. The requirement will apply for transfers between these two levels. Entities are required to disclose the amounts of any transfers between Level 1 and Level 2, and in and out of Level 3 of the fair value hierarchy, the reasons for those transfers, and the policies for determining when such transfers are deemed to have occurred. Transfers to/(from) Level 3 have been included in this table for illustrative purposes only, even though the balance is nil.

SFRS(I) 13  
(93(c), (e))  
SFRS(I) 13  
(B35(g))

#### Investment properties not measured at fair value but for which fair value is disclosed

8. For each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, paragraph 97 of SFRS(I) 13 requires the entity to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and the input used in the techniques.

SFRS(I) 13  
(97)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Investment properties not measured at fair value but for which fair value is disclosed (continued)

SFRS(I) 1-40  
(79)

9. In addition to the disclosures above, entities that apply the cost model to measure its investment properties shall disclose:
  - (a) the depreciation methods used;
  - (b) the useful lives or the depreciation rates used;
  - (c) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
  - (d) a reconciliation of the carrying amount of investment property at the beginning and end of the period; and
  - (e) the fair value of investment property. In the exceptional cases described in paragraph 53 of SFRS(I) 1-40, where an entity cannot measure the fair value of the investment property reliably, it shall disclose:
    - (i) a description of the investment property;
    - (ii) an explanation of why fair value cannot be measured reliably; and
    - (iii) if possible, the range of estimates within which fair value is highly likely to lie.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 26. Property, plant and equipment

Group	Freehold land \$'000	Leasehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000	SFRS(I) 1-1 (78(a))
<b>2021</b>								
Beginning of financial year								
Cost	-	-	-	108,394	7,491	640	116,525	SFRS(I) 1-16 (73(a))
Valuation	8,615	22,755	66,733	-	-	-	98,103	SFRS(I) 1-16 (73(a))
	8,615	22,755	66,733	108,394	7,491	640	214,628	SFRS(I) 1-16 (73(d))
Currency translation differences	-	22	30	672	44	-	768	SFRS(I) 1-16 (73(e)(viii))
Acquisition of subsidiary (Note 46(c)) <sup>4</sup>	-	-	4,350	2,890	-	-	7,240	SFRS(I) 1-16 (73(e)(iii))
Additions	-	-	600	1,250	121	590	2,561	SFRS(I) 1-16 (73(e)(i), 74(b))
Modification of lease liability <sup>6</sup> (a)	-	-	9,354	-	-	-	9,354	SFRS(I) 1-16 (73(e)(ix))
Reclassified to disposal group (Note 11(c))	-	-	-	(2,600)	-	-	(2,600)	SFRS(I) 1-16 (73(e)(ii))
Disposals <sup>1</sup>	-	-	-	(1,124)	-	-	(1,124)	
Revaluation surplus (Note 37(b)(vii))	238	125	287	-	-	-	650	SFRS(I) 1-16 (73(e)(iv))
Revaluation adjustments <sup>2</sup>	-	(586)	(6,415)	-	-	-	(7,001)	SFRS(I) 1-16 (73(e)(iv))
End of financial year	8,853	22,316	74,939	109,482	7,656	1,230	224,476	SFRS(I) 1-16 (73(d))
Representing:								
Cost	-	-	-	109,482	7,656	1,230	118,368	SFRS(I) 1-16 (73(a))
Valuation	8,853	22,316	74,939	-	-	-	106,108	SFRS(I) 1-16 (73(a))
	8,853	22,316	74,939	109,482	7,656	1,230	224,476	SFRS(I) 1-16 (73(d))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 26. Property, plant and equipment (continued)

<b>Group 2021 (continued)</b>	<b>Freehold land \$'000</b>	<b>Leasehold land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Assets under construction \$'000</b>	<b>Total \$'000</b>	<b>SFRS(I) 1-1 (78(a))</b>
Accumulated depreciation and impairment losses								
Beginning of financial year	-	-	-	55,557	3,694	-	59,251	SFRS(I) 1-16 (73(d))
Currency translation differences	-	50	275	1,487	32	-	1,844	SFRS(I) 1-16 (73(e)(viii))
Depreciation charge								SFRS(I) 1-16 (73(e)(vii))
- Continuing operations (Note 5)	-	536	6,140	13,725	752	-	21,153	
- Discontinued operations	-	-	-	325	-	-	325	
Reclassified to disposal group (Note 11(c))	-	-	-	(1,170)	-	-	(1,170)	SFRS(I) 1-16 (73(e)(ii))
Disposals <sup>1</sup>	-	-	-	(855)	-	-	(855)	SFRS(I) 1-16 (73(e)(ii))
Revaluation adjustments <sup>2</sup>	-	(586)	(6,415)	-	-	-	(7,001)	SFRS(I) 1-16 (73(e)(iv))
End of financial year	-	-	-	69,069	4,478	-	73,547	SFRS(I) 1-16 (73(d))
<b>Net book value</b>								
<b>End of financial year</b>	<b>8,853</b>	<b>22,316</b>	<b>74,939</b>	<b>40,413</b>	<b>3,178</b>	<b>1,230</b>	<b>150,929</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 26. Property, plant and equipment (continued)

Group	Freehold land \$'000	Leasehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000	SFRS(I) 1-1 (78(a))
<b>2020</b>								
Beginning of financial year								
Cost	-	-	-	107,364	7,846	360	115,570	SFRS(I) 1-16 (73(a))
Valuation	8,450	22,854	65,534	-	-	-	96,838	SFRS(I) 1-16 (73(a))
	8,450	22,854	65,534	107,364	7,846	360	212,408	SFRS(I) 1-16 (73(d))
Currency translation differences	-	(12)	140	899	90	-	1,117	SFRS(I) 1-16 (73(e)(viii))
Additions	-	-	2,492	131	108	280	3,011	SFRS(I) 1-16 (73(e)(i), 74(b))
Disposals <sup>1</sup>	-	-	-	-	(553)	-	(553)	
Revaluation surplus (Note 37(b)(vii))	165	144	230	-	-	-	539	SFRS(I) 1-16 (73(e)(iv))
Revaluation adjustments <sup>2</sup>	-	(231)	(1,663)	-	-	-	(1,894)	SFRS(I) 1-16 (73(e)(iv))
End of financial year	8,615	22,755	66,733	108,394	7,491	640	214,628	SFRS(I) 1-16 (73(d))
Representing:								
Cost	-	-	-	108,394	7,491	640	116,525	SFRS(I) 1-16 (73(a))
Valuation	8,615	22,755	66,733	-	-	-	98,103	SFRS(I) 1-16 (73(a))
	8,615	22,755	66,733	108,394	7,491	640	214,628	SFRS(I) 1-16 (73(d))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 26. Property, plant and equipment (continued)

Group	Freehold land \$'000	Leasehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000	SFRS(I) 1-16 (78(a))
<b>2020 (continued)</b>								
Accumulated depreciation and impairment losses								
Beginning of financial year	-	-	-	43,371	3,605	-	46,976	SFRS(I) 1-16 (73(d))
Currency translation differences	-	(293)	211	1,955	99	-	1,972	SFRS(I) 1-16 (73(e)(viii))
Depreciation charge								SFRS(I) 1-16 (73(e)(vii))
- Continuing operations (Note 5)	-	524	1,452	10,231	543	-	12,750	
Disposals <sup>1</sup>	-	-	-	-	(553)	-	(553)	
Revaluation adjustments <sup>2</sup>	-	(231)	(1,663)	-	-	-	(1,894)	SFRS(I) 1-16 (73(e)(iv))
End of financial year	-	-	-	55,557	3,694	-	59,251	SFRS(I) 1-16 (73(d))
<b>Net book value</b>								
End of financial year	8,615	22,755	66,733	52,837	3,797	640	155,377	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 26. Property, plant and equipment (continued)

	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>	
	\$'000	\$'000	\$'000	
<u>Company</u>				
<b>2021</b>				
Cost				SFRS(I) 1-16 (73(a))
Beginning of financial year	755	230	985	SFRS(I) 1-16 (73(d))
Additions	431	127	558	SFRS(I) 1-16 (73(e)(i))
Disposals	(65)	-	(65)	SFRS(I) 1-16 (73(e)(ii))
End of financial year	1,121	357	1,478	SFRS(I) 1-16 (73(d))
Accumulated depreciation				
Beginning of financial year	99	43	142	SFRS(I) 1-16 (73(d))
Depreciation charge	78	29	107	SFRS(I) 1-16 (73(e)(vii))
Disposals	(29)	-	(29)	SFRS(I) 1-16 (73(e)(ii))
End of financial year	148	72	220	SFRS(I) 1-16 (73(d))
<b>Net book value</b>				
<b>End of financial year</b>	<b>973</b>	<b>285</b>	<b>1,258</b>	
<b>2020</b>				
Cost				SFRS(I) 1-16 (73(a))
Beginning of financial year	705	230	935	SFRS(I) 1-16 (73(d))
Additions	50	-	50	SFRS(I) 1-16 (73(e)(i))
End of financial year	755	230	985	SFRS(I) 1-16 (73(d))
Accumulated depreciation				
Beginning of financial year	56	24	80	SFRS(I) 1-16 (73(d))
Depreciation charge	43	19	62	SFRS(I) 1-16 (73(e)(vii))
End of financial year	99	43	142	SFRS(I) 1-16 (73(d))
<b>Net book value</b>				
<b>End of financial year</b>	<b>656</b>	<b>187</b>	<b>843</b>	





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 26. Property, plant and equipment (continued)

- (a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 27(a). SFRS(I) 16  
(47(a))

During the current year, the Group renegotiated and modified an existing lease contract for an office building by extending the lease term by another 5 years at revised lease payments. As this extension is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with an addition to the right-of-use assets, classified under 'Property, plant and equipment'. The corresponding remeasurement to lease liability is recorded under 'Borrowings' (Note 31).

- (b) The freehold and leasehold land and buildings of the Group were valued by an independent professional valuer based on the properties' highest-and-best-use using the discounted cash flow approach at the balance sheet date. These are regarded as Level 3 fair values. A description of the valuation technique and the valuation processes of the Group are provided in Note 25<sup>3</sup>. SFRS(I) 1-16  
(77(a), (b))  
SGX 1207 (11)  
SFRS(I) 13  
(93)

- (c) If freehold land, leasehold land and buildings stated at valuation were included in the financial statements at cost less accumulated depreciation, their net book values would be: SFRS(I) 1-16  
(77(e))  
  
SFRS(I) 16  
(57)

	<u>Group</u>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Freehold land	<b>7,810</b>	7,810
Leasehold land	<b>18,696</b>	19,653
Buildings	<b>50,133</b>	50,821

- (d) Bank borrowings are secured on property, plant and equipment of the Group and the Company with carrying amounts of \$46,800,000 and \$420,000 respectively (2020: \$47,500,000 and \$483,000) (Note 31(a)). SFRS(I) 1-16  
(74(a))
- (e) Included within additions in the 2020's consolidated financial statements are motor vehicles acquired under finance leases amounting to \$50,000. SFRS(I) 1-7  
(43)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Property, plant and equipment (“PPE”)

#### Disposals

1. Disposal of PPE due to the sale of subsidiary may be included in the “Disposals” line item, as illustrated in this publication. In contrast, acquisitions of PPE through business combinations must be separately disclosed in the PPE reconciliation table.

SFRS(I) 1-16  
(73(e)(iii))

#### Revaluation

2. When an item of PPE is revalued, the accumulated depreciation at the date of the revaluation can either be:
  - (a) restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
  - (b) eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SFRS(I) 1-16  
(35)

Method (b) is illustrated in this publication.

#### Fair value hierarchy disclosures

3. Please refer to guidance notes under Note 25.

#### Acquisition of subsidiary

4. Property, plant and equipment acquired as part of a business combination should be initially recorded at fair value from the perspective of the Group. From the viewpoint of the acquired entity, however, the property, plant and equipment continue to be recorded at cost less accumulated depreciation, including accumulated depreciation recorded prior to the date of the business combination. At Group level, consolidation adjustments may be necessary to adjust the subsidiary book values to the Group numbers. For example, any pre-acquisition accumulated depreciation at the subsidiary level should not be carried forward to the consolidated Group numbers.

#### Impairment of assets

5. Please refer to guidance notes under Note 29.

#### Modification of leases

6. Please refer to guidance notes under Note 31.



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 27. Leases – The Group as a lessee

### Nature of the Group's leasing activities

#### Property

The Group leases office space and retail stores for the purpose of back office operations and sale of consumer goods to retail customers respectively.

SFRS(I) 16  
(59(a))

#### Leasehold land and building

The Group has made an upfront payment to secure the right-of-use of a 99-year leasehold land, which is used in the Group's retail operations. This leasehold land is recognised within Property, plant and equipment (Note 26).

The Group also makes annual lease payments for a leasehold land. The right-of-use of the land is classified as an investment property (Note 25).

There are no externally imposed covenants on these lease arrangements.

SFRS(I) 16  
(59(c))

#### Equipment and vehicles

The Group leases vehicles to render logistic services and leases equipment for the construction division to manufacture and produce specialised equipment. The lease arrangements prohibit the Group from subleasing the equipment to third parties.

SFRS(I) 16  
(59(c))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 27. Leases – The Group as a lessee (continued)

### (a) Carrying amounts

#### ROU assets classified within Property, plant and equipment

	<b>2021</b>	2020	SFRS(I) 16 (54)
	<b>\$'000</b>	\$'000	
Leasehold land	<b>22,316</b>	22,755	SFRS(I) 16 (53(j))
Buildings	<b>23,419</b>	15,866	
Plant and equipment	<b>2,225</b>	2,780	
Motor vehicles	<b>2,164</b>	2,529	
	<b>50,124</b>	43,930	

#### ROU assets classified within Investment properties<sup>1</sup>

The right-of-use asset relating to the leasehold land presented under Investment properties (Note 25) is stated at fair value and has a carrying amount at balance sheet date of \$10,248,000 (2020: \$16,018,000).

DV

(b) Depreciation charge during the year	<b>2021</b>	2020	SFRS(I) 16 (53(a))
	<b>\$'000</b>	\$'000	
Leasehold land	<b>536</b>	524	
Buildings	<b>1,801</b>	1,137	
Plant and equipment	<b>635</b>	753	
Motor vehicles	<b>365</b>	256	
<b>Total</b>	<b>3,337</b>	2,670	

(c) Interest expense			SFRS(I) 16 (53(b))
Interest expense on lease liabilities	<b>1,928</b>	2,101	

(d) Lease expense not capitalised in lease liabilities			
Lease expense – short-term leases	<b>2,868</b>	2,245	SFRS(I) 16 (53(c), (d), (e))
Lease expense – low-value leases	<b>2,468</b>	3,135	
Variable lease payments which do not depend on an index or rate	<b>250</b>	310	
<b>Total (Note 5)</b>	<b>5,586</b>	5,690	

(e) Total income from subleasing ROU assets was \$506,000 (2020: \$335,000) (Note 7).	SFRS(I) 16 (53(f))
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(f) Total cash outflow <sup>2</sup> for all the leases was \$13,087,000 (2020: \$14,511,000).	SFRS(I) 16 (53(g))
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(g) Addition of ROU assets during the year was \$10,034,000 (2020: Nil).	SFRS(I) 16 (53(h))
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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 27. Leases – The Group as a lessee (continued)

(h) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 2% to 5% (2020: 2 to 5%), on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to \$250,000 (2020: \$310,000) (Note 27(d)).

SFRS(I) 16  
(59(b))

SFRS(I) 16  
(B49(a), (c))

ii. Extension options

The leases for certain retail stores, equipment and motor vehicles contain extension options, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

SFRS(I) 16  
(B50(a))

### Guidance Notes

#### Right-of-use assets

1. SFRS(I) 16 only requires disclosure of depreciation expense and additions to right-of-use assets, but not of a full reconciliation of the right-of-use assets held. However, additional disclosures may be necessary to explain significant changes in the amounts of right-of-use assets, for example as a result of foreign exchange movements or modifications to lease agreements.
2. Where an entity has elected to present right-of-use assets within the same line item as the corresponding underlying assets would be presented if they were owned, it should provide the same disclosures for the right-of-use assets as for the corresponding underlying assets. For example, where the right-of-use assets are presented as property, plant and equipment, they would need to be included in the reconciliation that is required under SFRS(I) 1-16, with the same amount of detail as is required for other items of property, plant and equipment.

SFRS(I) 16  
(53)

SFRS(I) 16  
(47(a))

SFRS(I) 1-16  
(73(e))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 28. Leases – The Group as a lessor

### Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned investment properties to a third party for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

SFRS(I) 16  
(92(a), (b))

Rental income from investment properties are disclosed in Note 25.

### Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it sub-leases out retail stores to third parties for monthly lease payments. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

SFRS(I) 16  
(92(a))

Income from subleasing the retail stores recognised during the financial year 2021 was \$506,000 (2020: \$355,000), of which \$30,000 (2020: \$35,000) relates to variable lease payments that do not depend on an index or rate.

SFRS(I) 16  
(53(f))  
SFRS(I) 16  
(90(b))

### Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the reporting date as follows:

SFRS(I) 16  
(97)

	2021	2020
	\$'000	\$'000
Less than one year	965	476
One to two years	965	476
Two to three years	645	-
Total undiscounted lease payments	2,575	952

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 28. Leases – The Group as a lessor (continued)

Subleases – classified as finance leases

The Group's sub-lease of its right-of-use of the office space is classified as finance lease because the sub-lease is for the entire remaining lease term of the head lease.

SFRS(I) 16  
(92(a))

The ROU asset relating to the head lease with sub-lease classified as finance lease is derecognised. The net investment in the sub-lease is recognised under "Trade and other receivables" (Note 18 & 20).

Finance income on the net investment in sub-lease during the financial year is \$582,000 (2020: \$324,000), of which \$40,000 (2020: \$37,000) relates to variable lease payments of the lease which is not included in the measurement of the net investment in the lease.

SFRS(I) 16  
(90(a)(ii), (iii))

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

SFRS(I) 16  
(94)

	2021	2020
	\$'000	\$'000
Less than one year	2,926	1,747
One to two years	2,926	1,747
Two to three years	2,925	1,747
Three to four years	2,925	1,747
Four to five years	-	1,747
<b>Total undiscounted lease payments</b>	<b>11,702</b>	<b>8,735</b>
Less: Unearned finance income	(1,191)	(1,191)
<b>Net investment in finance lease (Note (a))</b>	<b>10,511</b>	<b>7,544</b>
Current (Note 18)	2,800	2,010
Non-current (Note 20)	7,711	5,534
<b>Total</b>	<b>10,511</b>	<b>7,544</b>

- (a) The net investment in finance lease has increased by \$2,967,000 as the Group has entered into a new sublease arrangement during the current financial year 2021.

SFRS(I) 16  
(93)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### ROU assets classified as investment property

1. If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in SFRS(I) 1-40. In that case, a lessee is not required to provide the following disclosures:
  - i) Depreciation charge for right-of-use assets by class of underlying assets;
  - ii) Income from subleasing right-of-use assets;
  - iii) Additions to right-of-use assets; and
  - iv) The carrying amount of right-of-use assets at the reporting period by class of underlying asset.

SFRS(I) 16 (56)

### Total cash outflow for leases

2. Total cash outflow for leases should include all lease payments regardless whether the payments are capitalised as part of the lease liabilities.

### Disclosures relating to rent concessions

3. For disclosures relating to rent concessions for both lessors and lessees, please refer to illustrative disclosures in Appendix 2 example 2.

### Disclosures not illustrated

4. The following disclosures are not illustrated in this publication as they are not applicable to PwC Holdings Ltd.

Issue not illustrated	Relevant disclosures or references
Sale and leaseback transactions	Disclose gain or loss separately in the notes and consider additional information set out in SFRS(I) 16 (B52).
Lessee capitalises leasing costs as part of the cost of another asset	Ensure the amounts disclosed in Note 27 under SFRS(I) 16 paragraph 53 include costs that are included in the carrying amount of another asset.
Portfolio of short-term leases at the end of the reporting period is dissimilar to the portfolio of short-term leases held during the year	Disclose lease commitments for short-term leases that are recognised as expenses on a straight-line or other systematic basis.
Leases not yet commenced to which the lessee is committed	Provide information about the future cash outflows to which the lessee is potentially exposed.

SFRS(I) 16  
(53(i)), (59(d)),  
(B52)

SFRS(I) 16 (54)

SFRS(I) 16 (55)

SFRS(I) 16  
(59(b)(iv))





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 29. Intangible assets

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Composition:</u>				
Goodwill (Note (a))	11,118	10,377	-	-
Trademark and licences (Note (b))	16,249	14,861	1,060	1,100
Computer software licences (Note (c))	774	949	384	442
	<b>28,141</b>	<b>26,187</b>	<b>1,444</b>	<b>1,542</b>

### (a) Goodwill

	<u>Group</u>		SFRS(I) 3 (B67(d))
	2021	2020	
	\$'000	\$'000	
Cost			
Beginning of financial year	16,112	16,138	SFRS(I) 3 (B67(d)(i))
Acquisition of subsidiary (Note 46(c))	1,250	-	SFRS(I) 3 (B67(d)(ii))
Currency translation differences	(21)	(26)	SFRS(I) 3 (B67(d)(vi))
End of financial year	<b>17,341</b>	<b>16,112</b>	SFRS(I) 3 (B67(d)(viii))
Accumulated impairment			
Beginning of financial year	5,735	4,670	SFRS(I) 3 (B67(d)(i))
Currency translation differences	(12)	(16)	SFRS(I) 3 (B67(d)(vi))
Impairment charge (Note 5)	500	1,081	SFRS(I) 3 (B67(d)(v))
End of financial year	<b>6,223</b>	<b>5,735</b>	SFRS(I) 3 (B67(d)(viii))
<b>Net book value</b>	<b>11,118</b>	<b>10,377</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 29. Intangible assets (continued)

### (a) Goodwill (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

SFRS(I) 1-36  
(134(a))

<u>Group</u>	<u>Component</u>		<u>Furniture</u>		<u>Total</u>	
	<u>parts</u>					
	31 December <b>2021</b>	2020	31 December <b>2021</b>	2020	31 December <b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Singapore	<b>3,970</b>	3,970	<b>120</b>	120	<b>4,090</b>	4,090
People's Republic of China	<b>4,531</b>	3,281	<b>1,521</b>	2,030	<b>6,052</b>	5,311
The Philippines	<b>270</b>	270	<b>87</b>	87	<b>357</b>	357
Others	<b>539</b>	539	<b>80</b>	80	<b>619</b>	619
	<b>9,310</b>	8,060	<b>1,808</b>	2,317	<b>11,118</b>	10,377

The recoverable amount of a CGU was determined based on value-in-use<sup>4</sup>. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the component parts business and furniture business in which the CGUs operate.

SFRS(I) 1-36  
(134(c), (d))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 29. Intangible assets (continued)

### (a) Goodwill (continued)

Key assumptions used for value-in-use calculations:

	Component parts				Furniture			
	Singapore	People's Republic of China	The Philippines	Others	Singapore	People's Republic of China	The Philippines	Others
<b>31 December 2021</b>								
Gross margin <sup>1</sup>	49.0%	53.0%	56.0%	60.0%	35.0%	34.0%	40.0%	36.0%
Growth rate <sup>2</sup>	2.0%	3.0%	7.5%	2.1%	1.9%	2.8%	2.4%	1.5%
Discount rate <sup>3</sup>	8.5%	14.2%	14.5%	13.5%	8.3%	14.6%	14.3%	13.2%
<b>31 December 2020</b>								
Gross margin <sup>1</sup>	48.0%	51.0%	55.0%	56.0%	32.0%	33.0%	36.0%	35.0%
Growth rate <sup>2</sup>	2.0%	1.5%	7.0%	1.9%	1.8%	2.5%	2.3%	1.4%
Discount rate <sup>3</sup>	7.4%	13.5%	14.0%	13.2%	7.5%	13.5%	13.8%	13.5%

<sup>1</sup> Budgeted gross margin

<sup>2</sup> Weighted average growth rates used to extrapolate cash flows beyond the budget period

<sup>3</sup> Pre-tax discount rates applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

SFRS(I) 1-36  
(134(d)(ii))

SFRS(I) 1-36  
(55)

An impairment charge of \$500,000 (2020: \$1,081,000) is included within "Administrative expenses" in the statement of comprehensive income. The impairment charge in both financial years arose from the furniture CGU in People's Republic of China following a decision to reduce the manufacturing output as a result of declining customer demand<sup>3</sup>. The Group has also reassessed the useful lives of its property, plant and equipment related to the same business segment and determined that no change in the useful lives was required.

SFRS(I) 1-36  
(126(a))

SFRS(I) 1-36  
(130)

The impairment test carried out as at 31 December 2021 for the component parts CGU in Singapore, which includes 36% of the goodwill recognised on the balance sheet, has revealed that the recoverable amount of the CGU is \$4,089,000 or 3% higher than its carrying amount. This has decreased due to significant pressure on selling prices and a sharp decrease in demand as a result of the economic crisis. A further decrease in the growth margin by 1%, a decrease in the growth rate by 0.2% or an increase in the discount rate by 0.3% would result in the recoverable amount of the component parts CGU in Singapore being equal to its carrying amount<sup>2</sup>.

SFRS(I) 1-36  
(134(f))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 29. Intangible assets (continued)

### (b) Trademark and licences

	Group		Company		SFRS(I) 1-38 (118(e))
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	
Cost					
Beginning of financial year	17,243	16,028	1,900	1,660	SFRS(I) 1-38 (118(c))
Acquisition of subsidiary (Note 46(c))	535	-	-	-	SFRS(I) 1-38 (118(e)(ii))
Additions	2,300	1,205	150	240	SFRS(I) 1-38 (118(e)(ii))
Reclassified to disposal group (Note 11(c))	(208)	-	-	-	SFRS(I) 1-38 (118(e)(ii))
Currency translation differences	18	10	-	-	SFRS(I) 1-38 (118(e)(vii))
End of financial year	19,888	17,243	2,050	1,900	SFRS(I) 1-38 (118(c))
Accumulated amortisation					
Beginning of financial year	2,382	1,580	800	660	SFRS(I) 1-38 (118(c))
Amortisation charge					SFRS(I) 1-38 (118(e)(vi))
- Continuing operations	1,275	812	190	140	
- Discontinued operations	104	-	-	-	
Reclassified to disposal group (Note 11(c))	(104)	-	-	-	SFRS(I) 1-38 (118(e)(ii))
Currency translation differences	(18)	(10)	-	-	SFRS(I) 1-38 (118(e)(vii))
End of financial year	3,639	2,382	990	800	SFRS(I) 1-38 (118(c))
<b>Net book value</b>	<b>16,249</b>	<b>14,861</b>	<b>1,060</b>	<b>1,100</b>	



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 29. Intangible assets (continued)

### (c) Computer software licences<sup>8</sup>

	<u>Group</u>		<u>Company</u>		
	<b>2021</b>	2020	<b>2021</b>	2020	
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	
Cost					
Beginning of financial year	<b>1,915</b>	1,649	<b>520</b>	240	SFRS(I) 1-38 (118(c))
Additions	-	287	-	280	SFRS(I) 1-38 (118(e)(i))
Currency translation differences	<b>(15)</b>	(21)	-	-	SFRS(I) 1-38 (118(e)(vii))
End of financial year	<b>1,900</b>	1,915	<b>520</b>	520	SFRS(I) 1-38 (118(c))
Accumulated amortisation					
Beginning of financial year	<b>966</b>	835	<b>78</b>	40	SFRS(I) 1-38 (118(c))
Amortisation charge	<b>168</b>	142	<b>58</b>	38	SFRS(I) 1-38 (118(e)(vi))
Currency translation differences	<b>(8)</b>	(11)	-	-	SFRS(I) 1-38 (118(e)(vii))
End of financial year	<b>1,126</b>	966	<b>136</b>	78	SFRS(I) 1-38 (118(c))
<b>Net book value</b>	<b>774</b>	949	<b>384</b>	442	

- (d) Amortisation expense included in the statement of comprehensive income is analysed as follows<sup>1</sup>:

	<u>Group</u>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Cost of sales	<b>1,275</b>	812
Administrative expenses	<b>168</b>	142
Total (Note 5)	<b>1,443</b>	954

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Intangible assets

#### Line items on the statement of comprehensive income in which amortisation expenses are included

1. These disclosures are required only for entities that present expenses by function on the face of the statement of comprehensive income.

SFRS(I) 1-38  
(118(d))

#### Effects of reasonably possible changes on impairment key assumptions

2. If a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount, the following should be disclosed:
  - (a) the amount by which the unit's (group of units') recoverable amount exceeds its carrying amount;
  - (b) the value assigned to the key assumption;
  - (c) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount.

SFRS(I) 1-36  
(134(f))

#### Impairment of goodwill and other assets

3. Entities are required to disclose the events and circumstances that led to the recognition of impairment losses. For each material impairment loss recognised or reversed during the period for an individual asset, including goodwill or a cash-generating unit, entities should provide disclosures in accordance to paragraphs 129 to 132 of SFRS(I) 1-36.

SFRS(I) 1-36  
(129-132)

#### Fair value hierarchy disclosure

4. For recoverable amounts measured at fair value less cost to sell, disclosure of the fair value hierarchy of the fair value measurement and related fair value information under SFRS(I) 13 is required.

SFRS(I) 1-36  
(130(f))

#### Intangible assets with indefinite useful lives

5. If an entity has an intangible asset assessed as having an indefinite useful life, the entity shall disclose the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life. This has not been illustrated in this publication, but a disclosure example is provided as follows:

SFRS(I) 1-38  
(122(a))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Intangible assets (continued)

Intangible assets with indefinite useful lives

The Group's trademark used to identify and distinguish the Group's specialised product has a carrying amount of \$2,345,000 (2020: \$2,345,000). The trademark has a remaining legal life of five years but is renewable every ten years at insignificant cost. The Group intends to renew the trademark continuously and evidence supports its ability to do so, based on its past experience. An analysis of product life cycle studies and market and competitive trends provides evidence that the product will generate net cash inflows for the Group for an indefinite period. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment on an annual basis.

### Intangible assets measured under the revaluation model

6. For intangible assets accounted for at revalued amounts, additional disclosures under paragraph 124 of SFRS(I) 1-38 are required.

SFRS(I) 1-38  
(124)

### Disclosures relating to impairment of intangible assets during COVID-19

7. For disclosures relating to impairment of intangible assets during the COVID-19 pandemic, please refer to illustrative disclosures in Appendix 2 example 3.

### Configuration and customisation costs in a cloud computing arrangement

8. Cloud computing services in the form of Software as a Service ("SaaS") are increasingly common. Such contracts convey to the customer the right to receive access to the supplier's application software over the contract term. That right to receive access does not provide the customer with a software asset and, therefore, the access to the software is a service that the customer receives over the contract term.

In March 2021 the IFRIC update included an agenda decision on Configuration and Customisation ('CC') costs in a Cloud Computing Arrangement, which provided guidance on accounting for such CC costs.

Entities that incur or have previously incurred CC costs associated with a SaaS cloud arrangement should reassess how these transactions are accounted for. An entity should assess whether the CC costs create an asset that is separate from the software, based on the recognition criteria in SFRS(I) 1-38 to determine if the CC costs should be recognised as an intangible asset.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Intangible assets (continued)

#### Configuration and customisation costs in a cloud computing arrangement (continued)

Where an intangible asset is not recognised, the entity should consider if the CC costs can be capitalised as a prepayment or expensed when incurred. In determining this, the entity should consider the principles in SFRS(I) 15 to understand who is performing the CC service (a third party or the SaaS provider), and whether the service is distinct from the SaaS performance obligation. Where a third-party supplier is engaged to perform the CC services, those costs would typically be expensed immediately.

This might require an entity to re-evaluate its accounting for CC costs incurred in previous reporting periods, in particular if they were capitalised. This could result in a change in the entity's accounting policy which should be applied retrospectively unless impracticable. Appropriate disclosures should also be made in the financial statements in relation to this change.

The IASB expects companies to be entitled to sufficient time to implement changes in accounting policy that result from an agenda decision. Any changes to the amounts recognised in the financial statements should be applied retrospectively, therefore comparative amounts might also need to be restated. Any material change in the financial statements as a result should be disclosed in a transparent way and comply with SFRS(I) 1-8.





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 30. Trade and other payables<sup>1</sup>

SFRS(I) 1-1  
(77)

	<u>Group</u>		<u>Company</u>		
	31 December		31 December		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
Current					
Trade payables to:					
- non-related parties	847	1,128	84	97	
- associates	1,857	2,095	240	141	SFRS(I) 1-24 (19(d))
- subsidiaries	-	-	34	162	SFRS(I) 1-24 (19(c))
- other related parties	8,346	8,124	-	-	SFRS(I) 1-24 (19(g))
Refund liabilities	167	135	-	-	
Accruals for volume discounts	3,145	1,344	-	-	
Financial guarantees	-	-	120	120	
Deferred grant income (Note 7)	150	500	80	100	
Accruals for operating expenses	3,098	2,217	393	228	
	<b>17,610</b>	<b>15,543</b>	<b>951</b>	<b>848</b>	
Non-current					
Contingent consideration payable (Note 46(a))	500	350	-	-	
Total trade and other payables	<b>18,110</b>	<b>15,893</b>	<b>951</b>	<b>848</b>	

Transactions with associates, subsidiaries and other related parties were made on normal commercial terms and conditions.

SFRS(I) 1-24  
(18(b)(ii))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Trade and other payables

#### Supplier finance arrangements

1. Certain entities may have payables which are subject to supplier financing (or reverse factoring) arrangements and such arrangements might be structured in a variety of ways and should be assessed individually. In December 2020, the IFRS IC issued an agenda decision covering several financial reporting considerations relating to supplier financing arrangements. These arrangements could have wide-ranging impacts on working capital, covenant ratios, net debt and other disclosures, as well as cash flow presentation. These other possible impacts and the related disclosures have not been illustrated in this publication.

SFRS(I) 7 (31)

If the entity has payables that are subject to such an arrangement but not derecognised, the following illustrative disclosure may be considered:

“The Group has agreed to support a strategic supplier with their cash flows by entering into a supplier finance arrangement. Under the arrangement, a bank acquires the rights to selected trade receivables from the supplier. Therefore, the Group will no longer be able to make direct payments to the supplier and will not be able to offset any of the acquired payables against credit notes received from the supplier. However, the Group has determined that the terms of the trade payable are otherwise substantially unchanged and that it is therefore appropriate to continue presenting the relevant amounts within trade and other payables in the balance sheet.”



For additional accounting considerations on supplier financing arrangements, please refer to PwC In-Depth 'Financial reporting considerations for supplier finance arrangements' at [link](#)

**Notes to the Financial Statements**

Reference

For the financial year ended 31 December 2021

**31. Borrowings**

	<u>Group</u>		<u>Company</u>		SFRS(I) 1-1 (77)
	<b>31 December</b>		<b>31 December</b>		
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Current					SFRS(I) 1-1 (60), (69)
Bank overdrafts (Note 13)	<b>4,460</b>	3,960	<b>1,732</b>	1,927	
Bank borrowings	<b>2,898</b>	5,195	-	-	
Lease liabilities	<b>11,414</b>	12,350	-	-	
	<b>18,772</b>	21,505	<b>1,732</b>	1,927	
Non-current					SFRS(I) 1-1 (60), (69)
Bank borrowings	<b>19,290</b>	22,724	-	-	
Convertible bonds (Note 32)	<b>49,084</b>	48,499	<b>49,084</b>	48,499	
Redeemable preference shares (Note 33)	<b>30,000</b>	30,000	<b>30,000</b>	30,000	
Lease liabilities	<b>25,911</b>	20,844	-	-	
	<b>124,285</b>	122,067	<b>79,084</b>	78,499	
Total borrowings	<b>143,057</b>	143,572	<b>80,816</b>	80,426	

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates<sup>5</sup> at the balance sheet date are as follows:

SFRS(I) 7  
(22A(c)),  
(34(a))

	<u>Group</u>		<u>Company</u>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
6 months or less	<b>7,623</b>	10,194	<b>1,732</b>	1,927
6 – 12 months	<b>11,149</b>	11,311	-	-
1 – 5 years	<b>123,190</b>	120,997	<b>79,084</b>	78,499
Over 5 years	<b>1,095</b>	1,070	-	-
	<b>143,057</b>	143,572	<b>80,816</b>	80,426

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 31. Borrowings (continued)

### (a) Security granted

SFRS(I) 7(14)

Total borrowings include secured liabilities of \$33,570,000 (2020: \$31,879,000) and \$1,257,000 (2020: \$1,927,000) for the Group and the Company respectively. Bank overdrafts of the Group and the Company are secured by debenture deeds which provide for first floating charges on inventories (Note 19) of the Company and certain subsidiaries. Bank borrowings of the Group and the Company are secured over certain bank deposits (Note 13), certain trade receivables (Note 18), investment properties (Note 25) and certain land and buildings of the Group (Note 26(d)).

### (b) Fair value of non-current borrowings

SFRS(I) 7 (25), (29)

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Bank borrowings	23,189	24,500	-	-
Convertible bonds	46,890	46,012	46,890	46,012
Redeemable preference shares	32,175	31,258	32,175	31,258

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

SFRS(I) 13 (93(b), (d), 97)

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	%	%	%	%
Bank borrowings	5.3%	5.2%	-	-
Convertible bonds	5.5%	5.6%	5.5%	5.6%
Redeemable preference shares	5.4%	5.5%	5.4%	5.5%

The fair values are within Level 2 of the fair value hierarchy.



**Notes to the Financial Statements**

For the financial year ended 31 December 2021

Reference

**31. Borrowings (continued)**

## (c) Undrawn borrowing facilities

DV, SFRS(I)  
1-7 (50)

	<u>Group</u>		<u>Company</u>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expiring within one year	<b>22,000</b>	21,400	<b>7,200</b>	7,500
Expiring beyond one year	<b>12,000</b>	10,500	<b>4,000</b>	4,200
	<b>34,000</b>	31,900	<b>11,200</b>	11,700

The facilities expiring within one year from the balance sheet date are subject to annual review at various dates during 2022. The other facilities are arranged mainly to help finance the Group's proposed expansion in Asia.

(d) Reconciliation of liabilities arising from financing activities<sup>4</sup>SFRS(I) 1-7  
(44A)

	1 January 2021	Proceeds from borrowings	Principal and interest payments	Non-cash changes					31 December 2021
				Addition during the year	Modification of lease liability <sup>6</sup>	Acquisition arising from business combination	Interest expense	Foreign exchange movement	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Convertible bonds	48,499	-	(2,500)	-	-	-	3,085	-	49,084
Bank borrowings	27,919	5,800	(16,106)	-	-	2,150	3,704	(1,279)	22,188
Lease liabilities	33,194	-	(7,501)	680	9,354	350	1,928	(680)	37,325
Redeemable preference shares	30,000	-	(1,950)	-	-	-	1,950	-	30,000

	1 January 2020	Proceeds from borrowings	Principal and interest payments	Non-cash changes		31 December 2020
				Interest expense	Foreign exchange movement	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Convertible bonds	48,267	-	(2,500)	2,732	-	48,499
Bank borrowings	45,982	9,300	(33,082)	4,509	1,210	27,919
Lease liabilities	39,811	-	(8,821)	2,101	103	33,194
Redeemable preference shares	30,000	-	(1,950)	1,950	-	30,000

Notes

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Borrowings

#### Defaults and breaches on borrowings

1. SFRS(I) 7 requires additional disclosures in the event of defaults and breaches on borrowings. Appendix 1 Example 4 includes an illustration.

SFRS(I) 7  
(18), (19)

#### Classification of liabilities as current or non-current

2. The narrow scope amendments to SFRS(I) 1-1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification of loan facilities.

The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted. However, at the time of writing, the IASB was discussing further amendments to IAS 1 which would change the classification requirements and also defer the mandatory application of the amendments to 1 January 2024.

#### Net debt reconciliation

3. The entity should include changes in financial assets (for example, assets that hedge liabilities arising from financing liabilities) in the disclosures if such cash flows were, or will be, included in cash flows from financing activities.

SFRS(I) 1-  
7(44C)

Changes in other items are included where an entity considers that such disclosures would meet the disclosure objective. For example, an entity might consider including changes in cash and cash equivalents and interest payments that are classified as operating activities in the cash flow statement. Any such disclosure should be clearly distinguished from the disclosure of changes in liabilities arising from financing activities.

#### Exposure to interest rate changes

4. In this publication, fixed-rate borrowings with no contractual re-pricing dates are disclosed within the table based on their maturity dates. Alternatively, entities could consider applying the following format for the disclosure:

SFRS(I) 7  
(22A(c)),  
(34(a))

	Group		Company	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Variable rate borrowings	[ ]	[ ]	[ ]	[ ]
Fixed rate borrowings – repricing or maturity dates:				
6 months or less	[ ]	[ ]	[ ]	[ ]
6 – 12 months	[ ]	[ ]	[ ]	[ ]
1 – 5 years	[ ]	[ ]	[ ]	[ ]
Over 5 years	[ ]	[ ]	[ ]	[ ]

**Guidance notes****Modification of lease liability**

5. A change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term) is a lease modification. For lease modifications that are not accounted for as a separate lease, the lessee shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate and record the corresponding adjustment against the right-of-use asset.

SFRS(I) 16  
App ASFRS(I) 16  
(45), (46)

This publication has illustrated an entity which has extended the lease term by modifying the existing lease contract. This disclosure example also applies to changes in consideration, for example, rent concessions provided by that are not part of the original terms and conditions of the lease.

**32. Convertible bonds<sup>1-3</sup>**

On 2 January 2017, the Company issued 5% convertible bonds denominated in Singapore Dollars with a nominal value of \$50,000,000. The bonds are due for repayment five years from the issue date at their nominal value of \$50,000,000 or may be converted into shares of the Company at the option of the holder at the rate of 33 shares per \$500 nominal value of the bonds.

SFRS(I) 7(17)  
SFRS(I) 1-1  
(79(a)(vii))

The fair value of the liability component, included in non-current borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.

SFRS(I) 1-32  
(28)  
SFRS(I) 1-32  
(31)

The carrying amount of the liability component of the convertible bonds at the balance sheet date is derived as follows:

DV (disclosed  
in Note  
2.15(c))  
DV

	31 December	
	2021	2020
<u>Group and Company</u>	<u>\$'000</u>	<u>\$'000</u>
Face value of convertible bonds at issuance	<b>50,000</b>	50,000
Equity conversion component on initial recognition	<b>(2,106)</b>	(2,106)
Liability component on initial recognition	<b>47,894</b>	47,894
Accumulated amortisation of interest expense (Note 9)	<b>8,690</b>	5,605
Accumulated payments of interest	<b>(7,500)</b>	(5,000)
Liability component at end of financial year (Note 31)	<b>49,084</b>	48,499

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Convertible bonds

1. Certain tax authorities may compute the tax base of the liability component of such convertible bonds as the sum of the carrying amount of both the liability and equity components. When this occurs, the issuer shall recognise a deferred tax liability on the resulting temporary differences at the date of issuance of these instruments, with the corresponding entry charged directly to the carrying amount of the equity component (i.e. equity component reserve).

SFRS(I) 1-12  
(23)

### Conversion at maturity

2. On conversion of a convertible instrument at maturity, the company derecognises the liability component and recognises it as equity. The original equity component remains in equity. There is no gain or loss on conversion at maturity.

SFRS(I) 1-32  
(AG32)

### Early redemption or repurchase

3. When the company extinguishes a convertible instrument before maturity through an early redemption or repurchase in which the original conversion rights are unchanged, the company should allocate the redemption consideration paid (including any transaction costs) to the instrument's liability and equity components at the date of repurchase or redemption. Any resulting gain or loss is treated in accordance with accounting principles applicable to the related component, as follows:
  - the difference between the consideration allocated to the liability component and its carrying value is recognised in profit or loss; and
  - the amount of consideration relating to the equity component is recognised in equity.

SFRS(I) 1-32  
(AG33)

## 33. Redeemable preference shares

On 4 January 2012, the Company issued 30 million cumulative redeemable preference shares at \$1 per share to its immediate holding corporation. The shares are mandatorily redeemable at \$1 per share on 4 January 2023 or by the Company at any time before that date. The shares pay fixed dividends of 6.5% per annum. These are classified as borrowings (Note 31).

SFRS(I) 1-1  
(79(a)(v))

SFRS(I) 1-32  
(18(a))





**Notes to the Financial Statements**

Reference

For the financial year ended 31 December 2021

**34. Provisions**SFRS(I) 1-1  
(78(d))

	<u>Group</u>		<u>Company</u>		
	31 December		31 December		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
Current					SFRS(I) 1-1 (66), (69)
Warranty (Note (a))	2,996	1,523	44	50	
Restructuring (Note (b))	800	-	-	-	
	<b>3,796</b>	1,523	<b>44</b>	50	
Non-current					SFRS(I) 1-1 (66), (69)
Legal claims (Note (c))	2,072	1,573	170	150	
Total	<b>5,868</b>	3,096	<b>214</b>	200	

## (a) Warranty

SFRS(I) 1-37  
(85(a))

The Group and the Company offer two-year warranties on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns.

	<u>Group</u>		<u>Company</u>		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
Beginning of financial year	1,523	259	50	100	SFRS(I) 1-37 (84(a))
Currency translation differences	13	(5)	-	-	
Provision made	1,834	1,519	144	120	SFRS(I) 1-37 (84(b))
Provision utilised	(302)	(250)	(150)	(170)	SFRS(I) 1-37 (84(c))
Reclassified to disposal group (Note 11(d))	(72)	-	-	-	
End of financial year	<b>2,996</b>	1,523	<b>44</b>	50	SFRS(I) 1-37 (84(a))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 34. Provisions (continued)

SFRS(I) 1-1  
(78(d))

### (b) Restructuring

The restructuring of the furniture segment in the People's Republic of China (Note 29(a)) in 2021 resulted in the retrenchment of 120 employees at two factories. An agreement was reached with the local union representatives in October 2020 that specified the number of staff involved and quantified the amount payable to those made redundant.

SFRS(I) 1-37  
(85(a))

Estimated staff redundancy costs amounting to \$600,000 was recognised in the financial year ended 31 December 2021. Other restructuring expenses amounting to \$200,000 mainly comprise penalties on the early termination of certain contracts for the supply of services.

SFRS(I) 1-37  
(84(b))

### (c) Legal claims

Other than as disclosed in Note 47, the provision for legal claims is in respect of certain legal claims brought against the Group by customers, and is expected to be utilised in 2022. In the opinion of the directors, after taking appropriate legal advice, the outcomes of these legal claims are not expected to give rise to any significant loss beyond the amounts provided at 31 December 2021. The directors consider that disclosure of further details of these claims will seriously prejudice the Group's negotiating position and accordingly, further information on the nature of the obligation has not been provided.

SFRS(I) 1-37  
(85(a))

SFRS(I) 1-37  
(92)



**Notes to the Financial Statements**

For the financial year ended 31 December 2021

Reference

**34. Provisions (continued)**SFRS(I) 1-1  
(78(d))

## (c) Legal claims (continued)

	<u>Group</u>		<u>Company</u>		
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Beginning of financial year	<b>1,573</b>	<b>1,655</b>	<b>150</b>	<b>200</b>	SFRS(I) 1-37 (84(a))
Currency translation difference	<b>(76)</b>	<b>(90)</b>	-	-	
Acquisition of subsidiary (Note 46(c))	<b>500</b>	-	-	-	SFRS(I) 1-37 (84(b))
Provision made	-	<b>488</b>	-	-	SFRS(I) 1-37 (84)(b))
Provision utilised	-	<b>(550)</b>	-	<b>(70)</b>	SFRS(I) 1-37 (84(c))
Amortisation of discount (Note 9) <sup>3</sup>	<b>75</b>	<b>70</b>	<b>20</b>	<b>20</b>	SFRS(I) 1-37 (84(e))
End of financial year	<b>2,072</b>	<b>1,573</b>	<b>170</b>	<b>150</b>	SFRS(I) 1-37 (84(a))

**Guidance notes****Provisions**

- Comparative information is encouraged, but not required for the movement of each class of provision.
- If an estimate of an amount reported in an interim period has changed significantly during the final interim period of the financial year but a separate financial report is not published for that final interim period, the nature and amount of that change in estimate shall be disclosed in a note to the financial statements for that financial year. Such an update is relevant only for entities that prepare interim financial reports in accordance with SFRS(I) 1-34 requirements.
- Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of time value of money and the risks specific to the liability.
- It is common for an entity to provide a warranty in connection with the sale of a product. If a customer has the option to purchase a warranty separately, the warranty is accounted for as a separate performance obligation. If a customer does not have the option to purchase a warranty separately, the warranty is accounted for in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets unless the warranty provides a service in addition to the assurance that the product complies with agreed-upon specifications.

SFRS(I) 1-37  
(84)SFRS(I) 1-34  
(26)SFRS(I) 1-37  
(45)  
SFRS(I) 1-37  
(47)SFRS(I) 15  
(B28), (B29),  
(B30)

Notes

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 35. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

SFRS(I) 1-12  
(74)

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

DV

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	2,784	2,541	-	-
Deferred tax liabilities	(13,587)	(12,360)	(2,468)	(3,140)
Net deferred tax liabilities	(10,803)	(9,819)	(2,468)	(3,140)

The movement in the net deferred income tax account is as follows:

DV

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	8,289	9,522	3,140	2,779
Currency translation differences	64	191	-	-
Acquisition of subsidiary (Note 46(c))	985	-	-	-
Tax charged/(credited) to				
- profit or loss (Note 10(a))	965	360	(676)	358
- other comprehensive income (Note 10 (c))	542	(169)	4	3
- equity (Note 10(d))	(42)	(85)	-	-
End of financial year	10,803	9,819	2,468	3,140

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The deferred income tax assets balance includes an amount of \$198,000 (2020: \$213,000) which relates to carried forward tax losses of PwC Furniture (PRC) Co., Ltd. The subsidiary has incurred the losses over the last three financial years due to one-off restructuring costs arising from the Group's restructuring of its furniture segment, which are not expected to recur in the future. The Group has concluded that the deferred tax assets will be recoverable based on the estimated future taxable income of the subsidiary based on the approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2022 onwards. The tax losses will expire in 2024<sup>2</sup>.

SFRS(I) 1-12  
(82)



**35. Deferred income taxes (continued)**

The Group has unrecognised tax losses of \$4,700,000 (2020: \$5,000,000) and capital allowances of \$400,000 (2020: \$400,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry date except for the amount of \$198,000 relating to PwC Furniture (PRC) Co., Ltd above, which will expire in 2024. The capital allowances will expire between 2022 and 2023.

SFRS(I) 1-12  
(81(e))

Deferred income tax liabilities of \$190,000 (2020: \$170,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted to the holding company. These unremitted profits are permanently reinvested and amount to \$2,400,000 (2020: \$2,000,000) at the balance sheet date<sup>3</sup>.

SFRS(I) 1-12  
(81(f))

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

SFRS(I)  
1-12 (81(g))Group

## Deferred income tax liabilities

	Accelerated tax <u>depreciation</u>	Fair value <u>gains-net</u>	Convertible <u>bonds</u>	ROU <u>assets</u> <sup>1</sup>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>						
At 31 December 2020	7,326	3,823	461	3,516	2,486	17,612
Currency translation differences	96	48	-	22	10	176
Acquisition of subsidiary	1,128	69	-	-	238	1,435
Charged/(credited) to						
- profit or loss	1,162	74	-	(874)	(7)	355
- other comprehensive income	-	542	-	-	-	542
End of financial year	9,712	4,556	461	2,664	2,727	20,120

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 35. Deferred income taxes (continued)

### Group

#### Deferred income tax liabilities (continued)

	Accelerated tax <u>depreciation</u>	Fair value <u>gains-net</u>	Convertible <u>bonds</u>	Lease <u>assets</u>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>						
Beginning of financial year	6,711	3,931	442	4,193	3,350	18,627
Currency translation differences	174	54	-	(32)	(80)	116
Charged to						
- profit or loss	441	7	19	(645)	746	568
- other comprehensive income	-	(169)	-	-	-	(169)
End of financial year	7,326	3,823	461	3,516	4,016	19,142

### Group

#### Deferred income tax assets

	<u>Provisions</u>	<u>Tax losses</u>	<u>Lease liabilities<sup>1</sup></u>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
At 31 December 2020	(2,032)	(596)	(4,281)	(2,414)	(9,323)
Currency translation differences	(46)	(15)	(1)	(50)	(112)
Acquisition of subsidiary (Credited)/charged to	(390)	(60)	-	-	(450)
- profit or loss	(231)	(38)	853	26	610
- equity	-	-	-	(42)	(42)
End of financial year	(2,699)	(709)	(3,429)	(2,480)	(9,317)
<b>2020</b>					
Beginning of financial year	(1,628)	(407)	(5,012)	(1,823)	(8,870)
Currency translation differences	(35)	(44)	(5)	(76)	(160)
(Credited)/charged to					
- profit or loss	(369)	(145)	736	(430)	(208)
- equity	-	-	-	(85)	(85)
End of financial year	(2,032)	(596)	(4,281)	(2,414)	(9,323)

**35. Deferred income taxes (continued)**Company

## Deferred income tax liabilities

	Accelerated tax depreciation	Fair value gains-net	Convertible bonds	Total
	\$'000	\$'000	\$'000	\$'000
<b>2021</b>				
Beginning of financial year	2,784	89	461	3,334
(Credited)/charged to				
- profit or loss	(1,081)	263	-	(818)
- other comprehensive income	-	4	-	4
End of financial year	1,703	356	461	2,520
<b>2020</b>				
Beginning of financial year	2,380	86	442	2,908
Charged to				
- profit or loss	404	-	19	423
- other comprehensive income	-	3	-	3
End of financial year	2,784	89	461	3,334

Company

## Deferred income tax assets

	Provisions	Other	Total
	\$'000	\$'000	\$'000
<b>2021</b>			
Beginning of financial year	(9)	(185)	(194)
(Credited)/charged to			
- profit or loss	(8)	150	142
End of financial year	(17)	(35)	(52)
<b>2020</b>			
Beginning of financial year	(24)	(105)	(129)
Charged/(credited) to			
- profit or loss	15	(80)	(65)
End of financial year	(9)	(185)	(194)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Deferred income taxes

#### Deferred tax on lease assets and lease liabilities

1. SFRS(I) 1-12 does not specifically address the tax effects of right-of-use assets and lease liabilities and there are currently different approaches in practice. However, in September 2021 ASC has adopted amendments to SFRS(I) 1-12 which narrow the scope of the initial recognition exemption in paragraphs 15 and 24 of SFRS(I) 1-12. This amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. As a consequence, entities will be required to recognise both a deferred tax asset and a deferred tax liability on the initial recognition of a lease. While these would qualify for offsetting in the balance sheet, the notes would need to disclose the gross amounts.

The amendments would apply to annual reporting periods beginning on or after 1 January 2023 but can be adopted early. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

#### Deferred tax asset dependent on future taxable profits

2. An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:
  - (a) the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
  - (b) the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

SFRS(I) 1-12 (82)





Guidance notes

Deferred income taxes (continued)

Deferred tax on unremitted earnings of overseas subsidiaries

3. An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

- (a) the parent, investor, joint venturer or joint operator is able to control the timing of the reversal of the temporary difference; and
- (b) it is probable that the temporary difference will not reverse in the foreseeable future.

As a parent controls the dividend policy of its subsidiary, it can control the timing of the reversal of such temporary differences associated with its subsidiary (applies to temporary differences arising from undistributed profits and foreign exchange translation differences). Furthermore, it would often be impracticable to determine the income taxes that would be payable when the temporary difference reverses. Therefore, when the parent has determined that those profits will not be distributed in the foreseeable future the parent does not recognise a deferred tax liability. The same considerations apply to investments in branches.

SFRS(I) 1-12 (39)

SFRS(I) 1-12 (40)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 36. Share capital and treasury shares

<u>Group and Company</u>	<u>No. of ordinary shares</u>		<u>Amount</u>		SFRS(I) 1-1 (79(a)(i), (iv), (vi), 106(d))
	<u>Issued share capital</u>	<u>Treasury shares</u>	<u>Share capital</u>	<u>Treasury shares</u>	
	'000	'000	\$'000	\$'000	
<b>2021</b>					
Beginning of financial year	24,050	(1,135)	41,495	(2,022)	
Treasury shares purchased	-	(900)	-	(1,754)	
Shares issued	3,800	-	8,368	-	
Share issue expenses	-	-	(354)	-	
Treasury shares re-issued	-	478	-	1,004	
End of financial year	<u>27,850</u>	<u>(1,557)</u>	<u>49,509</u>	<u>(2,772)</u>	
<b>2020</b>					
Beginning of financial year	24,050	(975)	41,495	(1,418)	
Treasury shares purchased	-	(1,100)	-	(2,389)	
Treasury shares reissued	-	940	-	1,785	
End of financial year	<u>24,050</u>	<u>(1,135)</u>	<u>41,495</u>	<u>(2,022)</u>	

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

SFRS(I) 1-1 (79(a)(ii), (iii))

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company, after paying dividends for the 6.5% redeemable preference shares, which are classified as liabilities (Note 33).

SFRS(I) 1-1 (79(a)(v))

On 1 April 2021, the Company issued 3,800,000 ordinary shares for a total consideration of \$8,368,000 for cash to provide funds for the expansion of the Company's operations. The newly issued shares rank pari passu in all aspects with the previously issued shares.

**36. Share capital and treasury shares (continued)****(a) Treasury shares**

The Company acquired 900,000 (2020: 1,100,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was \$1,754,000 (2020: \$2,389,000) and this was presented as a component within shareholder's equity.

SFRS(I) 1-32  
(33)

The Company re-issued 478,000 (2020: 940,000) treasury shares during the financial year pursuant to the PwC Employee Share Option Scheme at the exercise price of \$1.31 or \$1.28 (2020: \$1.31 or \$1.28) each (Note 36(b)). The cost of the treasury shares re-issued amounted to \$1,004,000 (2020: \$1,785,000). The total consideration (net of expense) for the treasury shares issued is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Exercise price paid by employees	<b>615</b>	1,230
Value of employee services (Note 37(b)(i))	<b>972</b>	841
Less: Transaction costs	<b>(2)</b>	(1)
Total net consideration	<b>1,585</b>	2,070

Accordingly, a gain on re-issue of treasury shares of \$581,000 (2020: \$285,000) is recognised in the capital reserve (Note 37(b)(ii)).

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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 36. Share capital and treasury shares (continued)

### (b) Share options

SFRS(I) 2  
(44), (45(a))

Share options were granted to key management personnel and employees with more than three years of service under the PwC Employee Share Option Scheme, which became operative on 1 January 2016.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the key management personnel or employee completing another two years of service to the Group and the Group achieving its targets of profitability and sales growth.

Once they have vested, the options are exercisable over a period of four years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 1 January 2021, options to subscribe for 350,000 ordinary shares in the Company at an exercise price of \$2.88 per ordinary share were granted pursuant to the Scheme ("2021 Options"). The 2021 Options are exercisable from 1 January 2022 and expire on 31 December 2025.

SFRS(I) 1-1  
(79(a)(vii))

Movements in the number of unissued ordinary shares under the PwC Employee Share Option Scheme and their exercise prices are as follows:

	No. of ordinary shares under option					Exercise price	Exercise period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
<b>Group and Company 2021</b>							
2017 Options	110,000	-	-	(110,000)	-	\$1.31	1.1.2019 – 31.12.2022
2018 Options	1,422,000	-	(50,000)	(368,000)	1,004,000	\$1.28	1.1.2020 – 31.12.2023
2019 Options	909,000	-	-	-	909,000	\$2.95	1.1.2021 – 31.12.2024
2021 Options	-	350,000	-	-	350,000	\$2.88	1.1.2023 – 31.12.2026
	<b>2,441,000</b>	<b>350,000</b>	<b>(50,000)</b>	<b>(478,000)</b>	<b>2,263,000</b>		



**36. Share capital and treasury shares (continued)****(b) Share options (continued)**

<u>Group and Company</u>	<u>No. of ordinary shares under option</u>					<u>Exercise price</u>	<u>Exercise period</u>
	<u>Beginning of financial year</u>	<u>Granted during financial year</u>	<u>Forfeited during financial year</u>	<u>Exercised during financial year</u>	<u>End of financial year</u>		
<b>2020</b>							
2017 Options	1,000,000	-	-	(890,000)	110,000	\$1.31	1.1.2019 – 31.12.2022
2018 Options	1,532,000	-	(60,000)	(50,000)	1,422,000	\$1.28	1.1.2020 – 31.12.2023
2019 Options	964,000	-	(55,000)	-	909,000	\$2.95	1.1.2021 – 31.12.2024
	<u>3,496,000</u>	<u>-</u>	<u>(115,000)</u>	<u>(940,000)</u>	<u>2,441,000</u>		

Out of the unexercised options for 2,263,000 (2020: 2,441,000) shares, options for 1,913,000 (2020: 1,532,000) shares are exercisable at the balance sheet date. Options exercised in 2021 resulted in 478,000 treasury shares (2020: 940,000) being re-issued at the exercise price of \$1.31 or \$1.28 (2020: \$1.31 or \$1.28) each. The weighted average share price at the time of exercise was \$3.87 (2020: \$3.80) per share. The related transaction costs amounting to \$2,000 (2020: \$1,000) were deducted against the proceeds received.

SFRS(I) 2  
(46), (47(a))

The fair value of options granted on 1 January 2021, determined using the Binomial Valuation Model was \$800,000. The significant inputs into the model were the share price of \$2.88 at the grant date, the exercise price of \$2.88, standard deviation of expected share price returns of 28%, dividend yield of 8%, the option life shown above and the annual risk-free interest rate of 5%. The volatility measured on the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last three years.

SFRS(I) 2  
(45(b)(vii))  
SFRS(I) 2  
(45(c))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Share capital and treasury shares

#### Modification of share-based payments

1. If an entity has share-based payment arrangements that were modified during the period, it is required to disclose:
  - (i) an explanation of those modifications;
  - (ii) the incremental fair value granted (as a result of those modifications); and;
  - (iii) information on how the incremental fair value granted was measured, consistently with the requirements set out in paragraph 47(a) and (b) of SFRS(I) 2, where applicable.
2. A disclosure example for modification of a share-based payment arrangement is provided as follows:

SFRS(I) 2  
(47(c))

#### “Modification of share-based payment arrangements

In May 2021, PwC Holdings Ltd increased the vesting period for the employee share options granted in January 2017 from two to five years and reduced the exercise price to \$2.90 to reflect the recent fall in the Company’s share price. The fair value of the options at the date of the modification was determined to be \$2.05. The incremental fair value of \$0.25 will be recognised as an expense over the period from the modification date to the end of the extended vesting period. The expense for the original option grant will continue to be recognised as if the terms had not been modified.

The fair value of the modified options was determined using the same models and principles as described above, with the following model inputs: [provide details].”



**Notes to the Financial Statements**

Reference

For the financial year ended 31 December 2021

**37. Other reserves**SFRS(I) 1-1  
(106(d))

	<u>Group</u>		<u>Company</u>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Composition:				
Share option reserve	<b>1,210</b>	1,510	<b>1,210</b>	1,510
Capital reserve	<b>1,481</b>	858	<b>1,267</b>	684
Fair value reserve	<b>(406)</b>	(1,485)	<b>52</b>	38
Hedging reserve	<b>1,086</b>	110	-	-
Currency translation reserve	<b>1,696</b>	1,207	-	-
Equity component of convertible bonds	<b>1,685</b>	1,685	<b>1,685</b>	1,685
Asset revaluation reserve	<b>3,189</b>	2,654	-	-
	<b>9,941</b>	6,539	<b>4,214</b>	3,917
(b) Movement:				
<b>(i) Share option reserve</b>				
Beginning of financial year	<b>1,510</b>	1,636	<b>1,510</b>	1,636
Employee share option scheme				
- Value of employee services (Note 6)	<b>672</b>	715	<b>672</b>	715
- Share options exercised (Note 36(a))	<b>(972)</b>	(841)	<b>(972)</b>	(841)
End of financial year	<b>1,210</b>	1,510	<b>1,210</b>	1,510
<b>(ii) Capital reserve</b>				
Beginning of financial year	<b>858</b>	488	<b>684</b>	394
Gain on re-issue of treasury shares (Note 36(a))	<b>581</b>	285	<b>581</b>	285
Excess tax on employee share option scheme <sup>a</sup> (Note 10(d))	<b>42</b>	85	<b>2</b>	5
End of financial year	<b>1,481</b>	858	<b>1,267</b>	684

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 37. Other reserves (continued)

	<u>Group</u>		<u>Company</u>		
	<b>31 December</b>		<b>31 December</b>		
	<b>2021</b>	2020	<b>2021</b>	2020	
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	
(b) Movement: (continued)					
(iii) <b>Fair value reserve</b>					
Beginning of financial year	<b>(1,485)</b>	(73)	<b>38</b>	96	
Financial assets, at FVOCI					
- Fair value gains/(losses) (Note 16)	<b>1,755</b>	(1,451)	<b>15</b>	(68)	
- Tax on fair value changes	<b>(299)</b>	261	<b>(1)</b>	10	SFRS(I) 7(20(a)(vii))
	<b>1,456</b>	(1,190)	<b>14</b>	(58)	SFRS(I) 1-12(81(a))
Share of associates' fair value gains on financial asset, FVOCI, net of tax	<b>68</b>	35	-	-	
Reclassification to profit or loss					
- Other gains and losses (Note 8)	<b>(175)</b>	-	-	-	
Tax on reclassification	<b>30</b>	-	-	-	
	<b>(145)</b>	-	-	-	
Transfer to retained profits upon disposal of equity investment in financial asset, at FVOCI	<b>(300)</b>	(257)	-	-	SFRS(I) 1-12(81(a))
End of financial year	<b>(406)</b>	(1,485)	<b>52</b>	38	





**37. Other reserves (continued)**

Movements in hedging reserve by risk category:

	<div style="display: flex; align-items: center; justify-content: space-between;"> <span>←</span> <span><u>Group</u> 2021</span> <span>→</span> </div>			SFRS(I) 7 (24C)
	Interest rate risk \$'000	Foreign exchange risk \$'000	Total \$'000	
(b) Movement: (continued)				
<b>(iv) Hedging reserve</b>				
Beginning of financial year	257	(147)	110	SFRS(I) 7 (24B(b)(ii))
- Fair value (losses)/gains	(1,009)	1,217	208	SFRS(I) 7 (24C(b)(ii))
- Tax on fair value losses/(gains)	172	(207)	(35)	SFRS(I) 1-12 (81(a))
	<b>(837)</b>	<b>1,010</b>	<b>173</b>	
Reclassification to profit or loss, as hedged item has affected profit or loss				SFRS(I) 7 (24C(b)(iv))
- Finance expense (Note 9)	753	-	753	SFRS(I) 7 (24C(b)(v))
Tax on reclassification adjustments	(128)	-	(128)	
Reclassification to balance sheet				
- Inventories	-	215	215	SFRS(I) 7 (24E(a))
Tax on reclassification adjustments	-	(37)	(37)	SFRS(I) 1-12 (81)(a)
	<b>625</b>	<b>178</b>	<b>803</b>	
End of financial year	<b>45</b>	<b>1,041</b>	<b>1,086</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 37. Other reserves (continued)

Movements in hedging reserve by risk category:

	Group 2020			SFRS(I) 7 (24C)
	Interest rate risk \$'000	Foreign exchange risk \$'000	Total	
(b) Movement: (continued)				
<b>(iv) Hedging reserve (continued)</b>				
Beginning of financial year	12	75	87	SFRS(I) 7 (24B(b)(ii))
- Fair value losses	(334)	(276)	(610)	SFRS(I) 7 (24C(b)(i))
- Tax on fair value losses	56	54	110	SFRS(I) 1-12 (81(a))
	(278)	(222)	(500)	
Reclassification to profit or loss, as hedged item has affected profit or loss				SFRS(I) 7 (24C(b)(iv))
- Finance expense (Note 9)	643	-	643	SFRS(I) 7 (24C(b)(v))
Tax on reclassification adjustments	(120)	-	(120)	SFRS(I) 1-12 (81(a))
	523	-	523	
End of financial year	257	(147)	110	



**Notes to the Financial Statements**

For the financial year ended 31 December 2021

**37. Other reserves (continued)**

	<u>Group</u>		<u>Company</u>		
	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	
(b) Movement: (continued)					
<b>(v) Currency translation reserve</b>					SFRS(I) 1-1 (106(d)), SFRS(I) 1-21 (52(a))
Beginning of financial year	1,207	588	-	-	SFRS(I) 1-21 (52)(b)
Net currency translation differences of financial statements of foreign subsidiaries, a joint venture and associates	635	712	-	-	
Less: Non-controlling interests <sup>2</sup>	(362)	(408)	-	-	
	<u>273</u>	<u>304</u>	<u>-</u>	<u>-</u>	
Net currency translation difference on borrowings designated as net investment hedge of foreign operations <sup>1</sup>	216	296	-	-	SFRS(I) 7 (24C(b)(vi))
Reclassification on disposal of a subsidiary (Note 13)	-	19	-	-	
End of financial year	<u>1,696</u>	<u>1,207</u>	<u>-</u>	<u>-</u>	

As at 31 December 2021, \$554,000 (2020: \$364,000) of the currency translation reserve relates to continuing hedges. None of the currency translation reserve relates to hedging relationships for which hedge accounting is no longer applied.

SFRS(I) 7  
(24B(b)(ii), (iii))

**(vi) Equity component of convertible bonds**

SFRS(I) 1-1  
(106(d))

Beginning and end of financial year	<u>1,685</u>	<u>1,685</u>	<u>1,685</u>	<u>1,685</u>
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# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 37. Other reserves (continued)

SFRS(I) 1-1  
(106(d))

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
(b) Movement: (continued)				
(vii) <b>Asset revaluation reserve<sup>3</sup></b>				
Beginning of financial year	2,654	2,202	-	-
Revaluation gains (Note 26)	650	539	-	-
Tax on revaluation gains	(110)	(82)	-	-
Less: Non-controlling interests <sup>2</sup>	(5)	(5)	-	-
End of financial year	3,189	2,654	-	-

SFRS(I) 1-1  
(106(d))SFRS(I)  
1-16  
(77(f))  
SFRS(I)  
1-12  
(81(a))Other reserves are non-distributable<sup>4</sup>.SFRS(I) 1-16  
(77(f))

## Guidance notes

### Other reserves

#### Borrowings designated as net investment hedges

- For a monetary item that is receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, the item is in substance a part of the entity's net investment in that foreign operation. Currency translation differences arising from such items shall be recognised (a) in profit or loss in the separate financial statements of the reporting entity or the foreign operation; and (b) in a separate component of equity in the consolidated financial statements.

SFRS(I) 1-21  
(15), (32)

#### Non-controlling interests

- Non-controlling interests' share of reserve movement (net of tax) should be separately disclosed, where applicable.

#### Transfer of revaluation surplus on property, plant and equipment ("PPE")

- An entity may elect to transfer revaluation surplus of an item of PPE directly to retained profits when that asset is derecognised. An entity can also choose to transfer the revaluation surplus to retained profits progressively as the asset is used by the entity; the amount to be transferred will then be the difference in depreciation based on the revalued amount and the depreciation based on the asset's original cost.

SFRS(I) 1-16  
(41)

**Guidance notes****Other reserves (continued)****Distributable reserves**

4. In providing a description of the nature and purpose of the reserves it would be appropriate to refer to any restrictions on their distribution or any other important characteristics. In the case of:
- (a) the property, plant and equipment revaluation surplus: there is a specific requirement to disclose any restrictions on the distribution of the balance to shareholders; and
  - (b) the amount of the revaluation surplus that relates to intangible assets; there is a specific requirement to disclose the balance at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.

SFRS(I) 1-16  
(77(f))SFRS(I) 1-38  
(124(b))

The amount of reserves that are distributable will depend on the Articles of Association of the company subject to any regulatory restrictions.

**Tax on employee share option scheme**

5. With effect from the Year of Assessment 2007, companies are allowed tax deduction for costs incurred in the purchase of treasury shares that are transferred to employees pursuant to employee share-based payment ("SBP") arrangements. For details, please refer to the Inland Revenue Authority of Singapore circular – "Use of treasury shares to fulfil obligations under an employee equity-based remuneration scheme" issued in June 2006 and a supplemental circular issued in January 2007.

As the timing of the tax deduction and the recognition of the employee share option expense differs, SFRS(I) 1-12 requires the recognition of the related deferred tax asset if the deferred tax asset recognition criteria are met. For an equity-settled SBP, if the cumulative amount of tax deduction exceeds the tax effect of the related cumulative remuneration expense at the reporting date, the excess of the associated deferred tax shall be recognised directly in equity. All taxes related to cash-settled SBPs shall be recognised in profit or loss.

SFRS(I) 1-12  
(68A – C)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 38. Retained profits

- (a) Retained profits of the Group are distributable except for accumulated retained profits of associates and joint ventures amounting to \$1,506,000 (2020: \$745,000) and the amount of \$2,772,000 (2020: \$2,022,000) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of \$2,772,000 (2020: \$2,022,000) utilised to purchase treasury shares.

SFRS(I)1-1  
(79(a)(v))

- (b) Movement in retained profits for the Company is as follows:

DV

	<u>Company</u>	
	2021	2020
	\$'000	\$'000
Beginning of financial year	1,525	1,338
Net profit	19,374	8,269
Dividends paid (Note 39)	(12,078)	(8,082)
End of financial year	8,821	1,525

## 39. Dividends<sup>1</sup>

	<u>Group</u>	
	2021	2020
	\$'000	\$'000
Ordinary dividends		
Final dividend paid in respect of the previous financial year of 52.70 cents (2020: 35.03 cents) per share (Note 38)	12,078	8,082

SFRS(I) 1-1  
(107)

At the Annual General Meeting on 15 February 2022, a final dividend of 48.50 cents per share amounting to a total of \$12,752,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

SFRS(I) 1-1  
(137(a))  
SFRS(I) 1-10  
(12,13)



Guidance notes

Dividends

1. It shall be noted that no dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets may be made, to the company in respect of its treasury shares.

CA 76J (4)

Non-cash dividends

2. When an entity distributes non-cash dividends, the following disclosures can be considered.

SFRS(I) INT  
17 (11, 14, 15,  
16)

"In November 2021, the Company transferred all of the shares held in its subsidiary, ABC Limited, to its parent entity as a non-cash dividend. The dividend was measured at the fair value of the subsidiary (\$2,500,000). The difference between the fair value of the shares and their carrying amount (\$1,800,000) is presented in profit or loss as other income (\$700,000)."

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 40. Contingencies

### (a) Contingent liabilities

SFRS(I) 1-37  
(86)

Contingent liabilities, excluding those relating to business combinations (Note 46), investments in associates (Note 22) and the investment in a joint venture (Note 23), for which the probability of settlement is not remote at the balance sheet date, are as follows:

#### Group

A claim for unspecified quantum of damages was lodged by a customer during the financial year against a subsidiary and certain of its executives in respect of damages allegedly caused by the use of furniture supplied by the subsidiary. The subsidiary has disclaimed the liability and is defending the action. Legal advice obtained indicates that it is not probable that any significant liability will arise. At the date of these financial statements, the directors are of the view that no material losses will arise in respect of the legal claim.

### (b) Contingent assets

SFRS(I) 1-37  
(89)

A subsidiary of the Group has lodged a claim against a supplier for damages caused by the supply of faulty products. The matter has been referred to arbitration and, based on external legal advice, management believes that a favourable outcome is probable. However, the contingent asset has not been recognised as a receivable as at 31 December 2021 as receipt of the amount is dependent on the outcome of the arbitration process.





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 41. Commitments

### Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associates (Note 22) and investment in a joint venture (Note 23), are as follows:

### Capital commitments (continued)

	<u>Group</u>		<u>Company</u>		
	31 December		31 December		
	<b>2021</b>	2020	<b>2021</b>	2020	
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	
Investment properties	<b>80</b>	100	-	-	SFRS(I) 1-40 (75(h))
Property, plant and equipment	<b>1,000</b>	800	<b>400</b>	500	SFRS(I) 1-16 (74(c))
Intangible assets	<b>120</b>	210	<b>100</b>	110	SFRS(I) 1-38 (122(e))
	<b>1,200</b>	1,110	<b>500</b>	610	

### Guidance notes

#### Lease commitments for short-term leases

1. An entity shall disclose the amount of its lease commitments for short-term leases accounted for using short-term exemption, if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses, disclosed in Note 27, relate to. For the purpose of this publication, the portfolio of committed short-term leases as at 31 December 2021 remains similar to the portfolio of short-term leases for the financial year 2021 and no additional disclosure is required.

SFRS(I)  
16 (55)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management<sup>10,11</sup>

SFRS(I) 7  
(31, 33)

### Financial risk factors

SFRS(I) 7  
(21A(a))

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Financial Risk Management Committee ("FRMC") then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the FRMC. The dealing team of Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the FRMC and the Board of Directors.

### (a) Market risk

#### (i) Currency risk

The Group operates in Asia with dominant operations in Singapore, China and the Philippines. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

SFRS(I) 7  
(22A(a), 33(a))

Currency risk arises when transactions are denominated in foreign currencies other than functional currency such as the United States Dollar ("USD") and Chinese Renminbi ("RMB"). To manage the currency risk, individual Group entities enter into currency forwards with Group Treasury. Group Treasury in turn manages the overall currency exposure mainly by entering into currency forwards with banks.

SFRS(I) 7  
(22A(b), 33(b))  
SFRS(I) 7  
(22B(a))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management<sup>10, 11</sup> (continued)

SFRS(I) 7  
(31, 33)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

Group Treasury's risk management policy is to hedge between 60% and 80% of highly probable forecast transactions (mainly export sales and import purchases) in the next three months and approximately 90% of firm commitments denominated in foreign currencies.

SFRS(I) 7  
(22A(c))

The risk is measured through a forecast of highly probable USD expenditure and tracking of firm commitments in USD and RMB. The objective of the hedges is to minimise the volatility of the Group's currency cost of highly probable transactions and firm commitments. In order to achieve these objectives, the Group entered into cash flow hedges and fair value hedges for highly probable purchase transactions and revenue contracts respectively. The foreign exchange forwards are denominated in the same currency as the highly probable purchase transactions and revenue firm commitments, therefore the hedge ratio is 1:1.

SFRS(I) 7  
(22B(b), (c))

Hedge ineffectiveness has occurred due to:

SFRS(I) 7  
(22B(c))

- Changes in timing of the forecasted transaction from what was originally planned; and
- Changes in the credit risk of the derivative counterparty or the Group.

The Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in China are managed primarily through borrowings denominated in Chinese RMB designated as a net investment hedge in foreign operations. The Group establishes the hedge ratio of 1:1 by matching the net assets exposure to borrowings designated as hedging instrument.

SFRS(I) 7  
(22A(a), (b))

There was no ineffectiveness during 2021 in relation to the net investment hedge.

SFRS(I) 7  
(22B)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

SFRS(I) 7  
(31, 33)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management<sup>2</sup> is as follows:

SFRS(I) 7  
(31, 34(a), (c))

	SGD \$'000	USD \$'000	RMB \$'000	
<u>Group</u>				
<u>At 31 December 2021</u>				
<b>Financial assets</b>				
Cash and cash equivalents	61,266	20,756	12,755	
Trade and other receivables	16,301	9,712	5,890	
Intra-group receivables <sup>8</sup>	13,850	4,177	3,675	
Financial assets, at FVPL	11,385	3,365	-	
Financial assets, at FVOCI	2,425	2,300	-	
Other investments at amortised cost	3,497	-	-	
	<u>108,724</u>	<u>40,310</u>	<u>22,320</u>	
<b>Financial liabilities</b>				
Borrowings	(116,369)	(14,712)	(11,976)	
Intra-group payables <sup>8</sup>	(13,850)	(4,177)	(3,675)	
Trade and other payables	(10,468)	(4,628)	(3,014)	
	<u>(140,687)</u>	<u>(23,517)</u>	<u>(18,665)</u>	
<b>Net financial (liabilities)/assets</b>	<b>(31,963)</b>	<b>16,793</b>	<b>3,655</b>	
Add: Net non-financial assets of foreign subsidiaries	142,571	36,544	21,037	DV
Add: Contract assets	-	2,939	-	DV
Add: Firm commitments and highly probable forecast transactions in foreign currencies <sup>3</sup>	12,000	28,000	18,000	DV
Less: Currency forwards <sup>3</sup>	-	(25,000)	(15,000)	
<b>Currency profile including non-financial assets and liabilities<sup>3</sup></b>	<b>122,608</b>	<b>59,276</b>	<b>27,692</b>	
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies<sup>3</sup></b>	<b>2,375</b>	<b>23,774</b>	<b>11,567</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

SFRS(I) 7  
(31, 33)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

<u>Group</u>	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>RMB</u> \$'000	
<u>At 31 December 2020</u>				
<b>Financial assets</b>				
Cash and cash equivalents	17,713	9,173	4,284	
Trade and other receivables	26,925	4,716	4,214	
Intra-group receivables <sup>8</sup>	15,507	5,351	2,310	
Financial assets, at FVPL	10,535	3,065	-	
Financial assets, at FVOCI	11,438	2,014	-	
Other investments at amortised cost	2,403	-	-	
	<u>84,521</u>	<u>24,319</u>	<u>10,808</u>	
<b>Financial liabilities</b>				
Borrowings	(117,185)	(17,245)	(9,142)	
Intra-group payables <sup>8</sup>	(15,507)	(5,351)	(2,310)	
Trade and other payables <sup>9</sup>	(12,169)	(2,313)	(1,411)	
	<u>(144,861)</u>	<u>(24,909)</u>	<u>(12,863)</u>	
<b>Net financial liabilities</b>	(60,340)	(590)	(2,055)	
Add: Net non-financial assets of foreign subsidiaries	124,345	24,344	13,523	DV
Add: Contract assets	2,471	-	-	DV
Add: Firm commitments and highly probable forecast transactions in foreign currencies <sup>3</sup>	6,000	10,123	2,444	DV
Less: Currency forwards <sup>3</sup>	(4,000)	(10,040)	(2,540)	
<b>Currency profile including non-financial assets and liabilities<sup>3</sup></b>	<u>68,476</u>	<u>23,837</u>	<u>11,372</u>	
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies<sup>3</sup></b>	<u>1,095</u>	<u>10,517</u>	<u>5,094</u>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

SFRS(I) 7  
(31, 34(a), (c))

Company	31 December 2021		31 December 2020	
	SGD \$'000	USD \$'000	SGD \$'000	USD \$'000
<b>Financial assets</b>				
Cash and cash equivalents	17,216	2,130	15,446	1,400
Trade and other receivables	10,561	-	8,953	-
Financial assets, at FVOCI	1,615	-	1,600	-
	<b>29,392</b>	<b>2,130</b>	<b>25,999</b>	<b>1,400</b>
<b>Financial liabilities</b>				
Borrowings	(80,816)	-	(80,426)	-
Trade and other payables	(831)	(120)	(728)	(120)
	<b>(81,647)</b>	<b>(120)</b>	<b>(81,154)</b>	<b>(120)</b>
<b>Net financial (liabilities)/assets</b>	<b>(52,255)</b>	<b>2,010</b>	<b>(55,155)</b>	<b>1,280</b>
Add: Net non-financial assets	104,520	9,517	100,070	3,790
Add: Firm commitments	-	-	-	3,100
Less: Currency forwards	-	-	-	(2,100)
<b>Currency profile including non-financial assets and liabilities</b>	<b>52,265</b>	<b>11,527</b>	<b>44,915</b>	<b>6,070</b>
<b>Currency exposure of financial assets</b>	<b>-</b>	<b>2,010</b>	<b>-</b>	<b>2,280</b>

DV

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If the USD and RMB change against the SGD by 4% (2020: 6%) and 3% (2020: 6%)<sup>5-7</sup> respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset (excluding equity instruments) that are exposed to currency risk will be as follows<sup>4</sup>:

SFRS(I) 7  
(40, B24)

	Increase/(Decrease)			
	31 December 2021		31 December 2020	
	Profit after tax	Other Comprehensive Income	Profit after tax	Other Comprehensive Income
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
USD against SGD				
- Strengthened	789	253	616	83
- Weakened	(789)	(253)	(616)	(83)
RMB against SGD				
- Strengthened	288	170	77	34
- Weakened	(288)	(170)	(77)	(34)
<u>Company</u>				
USD against SGD				
- Strengthened	67	-	113	-
- Weakened	(67)	-	(113)	-

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – currency risk

#### Qualitative disclosures on currency risk

1. The publication illustrates some disclosures that may be required for financial risk management. The matters and level of detail to be disclosed depend on the circumstances and the extent of financial risks faced by the entity.

SFRS(I) 7 (7)

#### Quantitative disclosures on currency risk – based on management information

2. A reporting entity shall disclose summary quantitative data about its exposure to currency risk at the reporting date. This disclosure shall be based on the information provided internally to key management personnel.

SFRS(I) 7  
(34(a))

#### Quantitative disclosures on currency risk – factors considered

3. SFRS(I) 7 is not prescriptive in the presentation format of these quantitative disclosures. This publication illustrates the disclosure where management has monitored the entity's currency risk exposure, taking into consideration (a) financial assets/liabilities denominated in the respective entities' functional currencies; (b) firm commitments and highly probable forecast transactions in foreign currencies; (c) the effects of currency forwards used for hedges and held for trading; (d) net non-financial assets of foreign subsidiaries; and (e) contract assets recognised in accordance with SFRS(I) 15. These are summed up in the line item "Currency profile including non-financial assets and liabilities". If management monitors the entity's currency risk exposure using other basis, line items should be replaced as appropriate.

The line item "Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies" measures the currency exposure under the scope of SFRS(I) 7 and is used as a basis for computing the currency sensitivity analysis required by SFRS(I) 7. The line item excludes equity investments denominated in foreign currencies. Financial risk on these instruments, including the foreign currency element is combined in the price risk of the instrument. This may not coincide with the currency exposure monitored by management. Disclosure of this line item is not mandated by SFRS(I) 7.

SFRS(I) 7  
(B23)

#### Sensitivity analysis for currency risk

4. An entity shall provide sensitivity analysis for the whole of its business but may provide different types of sensitivity analysis for different classes of financial instruments. A sensitivity analysis shall be disclosed for each currency to which an entity has significant exposure. In this publication, the entity has significant exposure to two major currencies, namely USD and RMB.

SFRS(I) 7  
(B21)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – currency risk (continued)

#### Sensitivity analysis – reasonably possible change

5. In determining what a reasonably possible change in the relevant risk variables is, an entity shall consider:
  - a. the economic environments in which it operates. This shall not include remote or "worst case" scenarios or "stress test"; and
  - b. the effects of changes reasonably possible over the period until the entity next presents these disclosures (usually the next annual reporting period).

SFRS(I) 7  
(B19)

#### Sensitivity analysis – prior year disclosures

6. In the event that the reasonably possible change in the risk variables changes, the prior year disclosures should not be restated. However, the entity can present as additional information the sensitivity information for the comparative financial year using the new percentage for the current financial year.

SFRS(I) 7  
(IG36)

#### Sensitivity analysis – narrative text or tabular format

7. Instead of using a tabular format, the entity may use a narrative description as follows:

##### Currency risk – Sensitivity analysis

At 31 December 2021, if the USD had strengthened/weakened by [ ]% (2020: [ ]%) against the SGD with all other variables including tax rate being held constant, the other comprehensive income of the Group and the Company would have been higher/lower by \$[ ] (2020: \$[ ]) and \$[ ] (2020: \$[ ]) respectively as a result of currency translation gains/losses on securities classified as FVOCI. The profit after tax of the Group and the Company would have been higher/lower by \$[ ] (2020: \$[ ]) and \$[ ] (2020: \$[ ]), as a result of currency translation gains/losses on the remaining USD denominated financial instruments....."

Where the impact to profit after tax and/or other comprehensive income is different even though the exchange rates may have strengthened or weakened by the same percentage, the tabular format disclosure will likely be more useful. If the reporting entity holds option-based financial instruments, the upside and downside impacts may also be different.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – currency risk (continued)

#### Foreign currency intercompany receivables and payables

8. Foreign currency intercompany receivables and payables that do not form part of the net investment in a foreign operation should be included in the sensitivity analysis for foreign exchange risk. This is because even though intercompany receivables and payables are eliminated in the consolidated balance sheet, the effect on the profit or loss from their foreign currency translation under SFRS(I) 1-21 is not fully eliminated.

#### Accruals and provisions

9. Accruals that represent a right to receive cash or an obligation to deliver cash are included in the scope of SFRS(I) 7. An example is an accrual for services obtained, but for which an invoice has not been received.

SFRS(I) 1-32  
AG4

Similarly, a prepaid expense or an advance payment received for which the future economic benefit is the receipt of goods and services and is not a financial instrument would be excluded from the scope of SFRS(I) 7.

SFRS(I) 1-32  
AG11

#### Disclosures at reporting date need to be representative for the period

10. If the quantitative data disclosed as at the reporting date is unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative. For example, if an entity typically has a large exposure to a particular currency, but at year-end unwinds the position, the entity might disclose a graph that shows the exposure at various times during the period, or disclose the highest, lowest and average exposures.

SFRS(I) 7  
(35, IG20)

Similarly, when the sensitivity analyses disclosed are unrepresentative of a risk inherent in a financial instrument (e.g. because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative.

SFRS(I) 7 (42)  
SFRS(I) 7  
(IG37-40)

#### Changes in financial risk management/exposure from the previous period

11. An entity needs to disclose if there are changes in the following from the previous period:
- the exposures to risk and how they arise;
  - the entity's objectives, policies and processes for managing the risk and the methods used to measure the risk.

SFRS(I) 7 (33)

For instance, if there has been a change in the entity's hedging policy, this should be disclosed accordingly.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Equity price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified either as financial assets, at FVOCI or at FVPL. These securities are listed in Singapore and the United States. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

SFRS(I) 7  
(33(a), (b))

If prices for equity securities listed in Singapore and the United States had changed by 12% (2020: 15%) and 10% (2020: 14%) respectively with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

SFRS(I) 7  
(40, B25-28)

	Increase/(Decrease) <sup>1</sup>			
	31 December 2021		31 December 2020	
	Profit after tax	Other compre- hensive income	Profit after tax	Other compre- hensive income
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
Listed in Singapore				
- increased by	840	189	1,296	903
- decreased by	(840)	(189)	(1,296)	(903)
Listed in the United States				
- increased by	335	229	367	235
- decreased by	(335)	(229)	(367)	(235)
<u>Company</u>				
Listed in Singapore				
- increased by	-	161	-	168
- decreased by	-	(161)	-	(168)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

SFRS(I) 7  
(33(a))

The Group's policy is to maintain 80 – 90% of its borrowings in fixed-rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Company's exposure to cash flow interest rate risks arises mainly from non-current borrowings and loans to subsidiaries at variable rates. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

SFRS(I) 7  
(33(b))

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. The Group establishes the hedging ratio by matching the notional of interest rate swap with the principal of borrowings being hedged. As all critical terms matched during the year, the economic relationship was 100% effective.

SFRS(I) 7  
(22A, 22B)

#### Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness have occurred due to changes in the critical terms of either the interest rate swaps or the borrowings.

SFRS(I) 7  
(22B(b), (c))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Cash flow and fair value interest rate risk (continued)

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.50% (2020: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by \$185,000 (2020: \$230,000) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by \$97,000 (2020: \$152,000) mainly as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of variable rate borrowings.

SFRS(I) 7 (40)

### Guidance notes

#### Financial risk management – price risk

##### Sensitivity analysis for equity price risk – unquoted equity investments

1. Sensitivity analysis for equity price risk is applicable even if the equity investment is not quoted.
2. PwC Holdings Ltd is not affected by the interest rate benchmark reforms. However, entities will need to explain the impact of interest rate benchmark reforms their accounting policies and provide the new disclosures arising from the adoption of the amendments made to SFRS(I) 9 or SFRS(I) 1-39 and SFRS(I) 7 where they have exposure to interest rates such as:
  - (i) The interest rates are dependent on interbank offered rates ("IBORs"), and
  - (ii) These IBORs are subject to interest rate benchmark reforms.

Appendix 3: IBOR Reform disclosures shows the hedge accounting disclosures an entity would have to add if it has a hedge relationship that is impacted by IBOR reform.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk<sup>1,2</sup>

SFRS(I) 7  
(33(a), (b))

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

SFRS(I) 7  
(35B(a))

- Customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least an 'A' rating by external credit rating companies.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Head of Credit Control.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For derivative financial instruments, management has established limits so that, at any time, less than 10% of the fair value of favourable contracts outstanding are with any individual counterparty.

The credit ratings of the investments are monitored for credit deterioration.

For lease receivables, management has performed credit evaluation before entering into the sublease of the office space to the tenant. The Group adopts the policy of dealing only with reputable companies with high credit quality.

Notes to the Financial Statements

For the financial year ended 31 December 2021

42. Financial risk management (continued)

(b) Credit risk (continued)

As the Group and the Company do not hold collateral<sup>3,4</sup>, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

SFRS(I) 7  
(35K(a),36)

	<u>Company</u>	
	31 December	
	2021	2020
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' loans	16,000	16,000

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

The movements in credit loss allowance are as follows<sup>5</sup>:

Group	Trade receivables \$'000	Contract assets \$'000	Other investments at amortised cost Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Debt instruments at FVOCI Stage 1 \$'000	Total \$'000	
<b>2021</b>								
<b>Balance at 1 January 2021</b>	735	29	30	-	-	8	802	
Transfer to Stage 2	-	-	(15)	15	-	-	-	SFRS(I) 7
Transfer to Stage 3	-	-	(5)	-	5	-	-	(35I)(d)
Loss allowance recognised in profit or loss during the year on:								
- Asset acquired/originated	1,037	41	52	-	-	5	1,135	SFRS(I) 7 (35I)(a)
- Reversal of unutilised amount	(647)	(31)	-	-	-	(8)	(686)	
- Changes in credit risk	-	-	-	286	115	-	401	
	390	10	52	286	115	(3)	850	
Written off <sup>#</sup>	(231)	-	-	-	(30)	-	(261)	SFRS(I) 7 (35I)(c)
<b>Balance at 31 December 2021</b>	894	39	62	301	90	5	1,391	
<b>2020</b>								
<b>Balance at 1 January 2020</b>	733	24	7	-	-	*	764	
Loss allowance recognised in profit or loss during the year on:								
- Asset acquired/originated	745	29	2	-	-	-	776	SFRS(I) 7 (35I)(a)
- Reversal of unutilised amount	(515)	(24)	(2)	-	-	-	(541)	
- Changes in credit risk	-	-	23	-	-	8	31	
	230	5	23	-	-	8	266	
Written off <sup>#</sup>	(228)	-	-	-	-	-	(228)	SFRS(I) 7 (35I)(c)
<b>Balance at 31 December 2020</b>	735	29	30	-	-	8	802	

\* Amount less than \$1,000

<sup>#</sup> Trade receivables with a contractual amount of \$150,000 (2020: \$180,000) written off during the period are still subject to enforcement activities.

SFRS(I) 7 (35L)





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

	Trade receivables \$'000	
<b>Company</b>		
<b>2021</b>		
<b>Balances at 1 January 2021</b>	266	
Loss allowance recognised in profit or loss during the year on:		
- Asset acquired/originated	321	SFRS(I) 7
- Reversal of unutilised amount	(290)	(35(a),(c))
	31	
<b>Balances at 31 December 2021</b>	<b>297</b>	
<b>2020</b>		
<b>Balance at 1 January 2020</b>	311	
Loss allowance recognised in profit or loss during the year on:		
- Asset acquired/originated	266	SFRS(I) 7
- Reversal of unutilised amount	(311)	(35(a),(c))
	(45)	
<b>Balance at 31 December 2020</b>	<b>266</b>	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

#### (i) Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

SFRS(I) 9  
(B5.5.35)

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. 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.

SFRS(I) 7  
(35F(c))

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

SFRS(I) 7  
(35G)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

SFRS(I) 7  
(35F(b))  
SFRS(I) 7  
(35F(e))



Notes to the Financial Statements

For the financial year ended 31 December 2021

42. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

As at 31 December 2021, management has identified a group of debtors from wholesale of furniture and electronic equipment to be credit impaired as they experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix above.

SFRS(I) 7  
(35M(b)(iii))

Group	2021 \$'000
Gross carrying amount	128
Less: loss allowance	(128)
Carrying amount net of allowance	-

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

#### (i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure<sup>5,6</sup> in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2021 are set out in the provision matrix as follows:

SFRS(I) 7  
(35M(b)(iii),  
35N)

	← Past due →						
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	Total	SFRS(I) 7 (35N)
<u>Group</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	SFRS(I) 7 (IG20D)
<b>Wholesale of furniture and electronic equipment</b>							
Expected loss rate	0.53%	2.27%	6.34%	14.64%	16.53%		
Trade receivables	3,918	2,226	1,308	1,194	247	8,893	
Loss allowance	21	51	83	175	41	371	
<b>Construction of specialised equipment</b>							
Expected loss rate	1.31%	2.32%	4.70%	8.20%	15.10%		
Contract assets	2,978	-	-	-	-	2,978	
Trade receivables	2,677	2,279	1,452	893	517	7,818	
Loss allowance	74	53	68	73	78	346	
<b>Logistics services</b>							
Expected loss rate	2.40%	4.70%	7.12%	11.00%	15.00%		
Trade receivables	862	478	311	110	72	1,833	
Loss allowance	21	22	22	12	11	88	
<b><u>Company</u></b>							
<b>Wholesale of furniture and electronic equipment</b>							
Expected loss rate	0.70%	2.10%	4.80%	9.20%	12.40%		
Trade receivables	1,117	1,649	1,447	1,291	533	6,037	
Loss allowance	8	35	69	119	66	297	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

#### (i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure<sup>5,6</sup> in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2020 are set out in the provision matrix as follows:

SFRS(I) 7  
(35M)(b)(iii)  
(35N)

<u>Group</u>	Past due					Total	SFRS(I) 7 (35N) SFRS(I) 7 (IG20D)
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Wholesale of furniture and electronic equipment</b>							
Expected loss rate	0.30%	2.00%	6.00%	15.00%	16.96%		
Trade receivables	12,942	2,015	1,351	1,356	678	18,342	
Loss allowance	39	40	81	203	115	478	
<b>Construction of specialised equipment</b>							
Expected loss rate	1.15%	2.00%	4.00%	6.00%	12.00%		
Contract assets	2,500	-	-	-	-	2,500	
Trade receivables	2,352	1,850	1,023	689	356	6,270	
Loss allowance	56	37	41	41	43	218	
<b>Logistics services</b>							
Expected loss rate	2.30%	4.60%	6.90%	10.40%	15.00%		
Trade receivables	687	417	315	102	-	1,521	
Loss allowance	16	19	22	11	-	68	
<b>Company</b>							
<b>Wholesale of furniture and electronic equipment</b>							
Expected loss rate	0.40%	1.50%	4.50%	8.50%	10.80%		
Trade receivables	1,270	1,524	1,372	1,029	824	6,019	
Loss allowance	5	23	62	87	89	266	

#### (ii) Finance lease receivables

Lease receivables of \$10,511,000 (2020: \$7,544,000) are subject to immaterial credit loss as the Group entered into lease arrangements with reputable companies with high credit ratings and there is no history of default.

SFRS(I) 7  
(35F)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

#### (iii) Debt instruments at FVOCI and other investments at amortised cost

Debt instruments at FVOCI and other investments at amortised cost amounting to \$530,000 (2020: \$4,102,000) and \$1,500,000 (2020: \$783,000) respectively are considered as “low credit risk” because:

SFRS(I) 7  
(35F(a)(i))

- Listed notes are of investment grade credit rating with at least one major rating agency.
- Unlisted notes have low risk of default as the issuer has a strong capacity to meet the contractual cash flow obligations in the near term.

Hence, the loss allowance recognised on these assets are measured at the 12-month expected credit losses.

#### Credit risk exposure and significant credit risk concentration

SFRS(I) 7  
(35M, 35N)

The Group and Company uses the following categories of internal credit risk rating for its investment in unlisted notes. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Standard & Poor, Moody's and Fitch, so as to determine the appropriate expected credit loss rates.

Category of internal credit rating	Performing	Under-performing	Non-performing	Write-off
Definition of category	Issuers have a low risk of default and a strong capacity to meet contractual cash flows	Issuers for which there is a significant increase in credit risk; significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Interest and/or principal payments are 90 days past due	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery
Basis of recognition of expected credit loss	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Asset is written off

SFRS(I) 7  
(35F(b), (d), (e), 35G(a))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

#### (iii) Debt instruments at FVOCI and other investments at amortised cost (continued)

The gross carrying amount of debt instruments at FVOCI and other investments at amortised cost by credit rating are disclosed in the table below:

SFRS(I) 7  
(35M)

<u>Group</u> <b>2021</b>	Debt instruments at FVOCI	Other investments at amortised cost		
		←		→
<u>Credit rating</u>	<u>Stage 1</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
AAA	530	-	-	-
AA	-	1,500	-	-
BB	-	-	982	-
B	-	-	821	-
D	-	-	-	647
<b>Total</b>	<b>530</b>	<b>1,500</b>	<b>1,803</b>	<b>647</b>

<u>Group</u> <b>2020</b>	Debt instruments at FVOCI	Other investments at amortised cost		
		←		→
<u>Credit rating</u>	<u>Stage 1</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
AAA	4,102	-	-	-
AA	-	783	-	-
A	-	1,650	-	-
<b>Total</b>	<b>4,102</b>	<b>2,433</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (b) Credit risk (continued)

#### (iv) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$94,777,000 and \$19,346,000 respectively (2020: \$31,170,000 and \$17,278,000) with banks which are rated AAA and AA+ based on Standard & Poor and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

#### (v) Loan to associates

The Group monitors the credit risk of the associates based on past due information to assess if there is any significant increase in credit risk. The associates have made interest payments on a timely basis and considered to have low risk of default. The loan balances of \$2,456,000 (2020: \$1,440,000) are measured on 12-month expected credit losses. The credit loss is immaterial.

SFRS(I) 7  
(35F)

#### (vi) Loan to subsidiaries

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of \$4,693,000 (2020: \$3,032,000) and considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

SFRS(I) 7  
(35F)

#### (vii) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of certain subsidiaries amounting to \$16,000,000 (2020: \$16,000,000). 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 in the near future and hence, does not expect significant credit losses arising from these guarantees.

SFRS(I) 7  
(35F)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – credit risk

#### Class versus category of financial instrument

1. An entity is required to make certain credit risk disclosures by class of financial instruments. A 'class' of financial instruments is not the same as a 'category' of financial instruments.

SFRS(I) 7(6)

Categories are defined in SFRS(I) 9 as:

- a. financial assets, at FVPL
- b. financial liabilities at FVPL
- c. financial assets, at amortised cost
- d. financial liabilities, at amortised cost
- e. financial assets, at FVOCI

Classes are expected to be determined at a level that is lower than the categories in SFRS(I) 9, and reconciled to the balance sheet as required under SFRS(I) 7 paragraph 6. However, the level of detail for each class shall be determined on an entity-specific basis. Items are treated as one class when they share similar characteristics.

#### Level of detail and selection of assumptions – information through the eyes of management

2. The disclosures in relation to the financial risk management of an entity should reflect the information provided internally to key management personnel. As such, the disclosures that will be provided by an entity, their level of detail and the underlying assumptions used will vary greatly from entity to entity. The disclosures in these illustrative financial statements are only one example of the kind of information that may be disclosed. Entities should consider carefully what may be appropriate in its individual circumstances when drafting these disclosures.

SFRS(I) 7  
(35D)

#### Collateral and other credit enhancements

3. An entity shall disclose by class of financial instrument a description of collateral held as security and of other credit enhancements, and their financial effect (e.g., a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit.

SFRS(I) 7  
(35K(b))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – credit risk (continued)

#### Collateral and other credit enhancements (continued)

When an entity holds collateral against a financial asset, the maximum exposure to credit risk in respect of that financial asset is likely to be lower than the carrying amount.

When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements, and such assets meet the recognition criteria in other Standards, the following disclosure for such assets held at the reporting date can be considered:

SFRS(I) 7 (38)

“As at xxx, the Group obtained assets by taking possession of collateral held as security as follows:

<u>Nature of assets</u>	<u>Carrying amount (\$'000)</u>
Inventories	50
Property, plant and equipment	1,350

Repossessed items are sold as soon as practicable, with the proceeds used to reduce outstanding receivables. They are presented within “other current assets” on the balance sheet.”

- If the entity holds collateral (of financial or non-financial assets) which can be sold or repledged, it shall disclose the fair value of collateral held, the fair value of collateral sold or repledged and whether the entity has the obligation to return it, and the terms and conditions associated with its use of the collateral.
- For disclosures relating to impairment of financial assets during the COVID-19 pandemic, please refer to illustrative disclosures in Appendix 2 example 4.

SFRS(I) 7 (15)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Credit risk exposure and significant credit risk concentrations

6. An entity is required to disclose, by credit risk rating grades, the gross carrying amounts of financial assets and the exposure to credit risk of loan commitments and financial guarantee contracts. Entities which elect the practical expedient under paragraph 5.5.15 of SFRS(I) 9 to measure the loss allowance of trade receivables, contract assets or lease receivables using a provision matrix may provide the above disclosure based on the provision matrix.
7. The number of credit risk rating grades used to disclose the information in guidance note 5 above shall be consistent with the number that the entity uses to report internally to key management personnel for internal credit risk management purposes. However, if information about credit risk rating grades is not available without undue cost or effort and an entity uses past due information to assess whether credit risk has increased significantly since initial recognition, an entity shall provide an analysis by past due status for those financial assets.

SFRS(I) 7  
(35N)

SFRS(I) 7  
(IG20C)

### Disclosures not illustrated

8. The following have not been illustrated in this publication.

Item	Relevant disclosure requirements
Financial assets with modifications to their contractual cash flows.	SFRS(I) 7 paragraphs 35F(f), 35I(b) and 35J
Purchased or originated financial assets, which are credit impaired.	SFRS(I) 7 paragraphs 35H(c) and 35I

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities (Note 31(c)) to meet obligations when due and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 13.

SFRS(I) 7 (33, 39(c), B11E)

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility (Note 31(c)) and cash and cash equivalents (Note 13)) of the Group and the Company on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows<sup>1</sup>. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

SFRS(I) 7 (39(a), (b), B11D)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (c) Liquidity risk (continued)

<u>Group</u>	<u>Less than 1 year<sup>7</sup></u> \$'000	<u>Between 1 and 2 years<sup>7</sup></u> \$'000	<u>Between 2 and 5 years<sup>7</sup></u> \$'000	<u>Over 5 years<sup>7</sup></u> \$'000	
<b>At 31 December 2021</b>					
Trade and other payables	(17,610)	(500)	-	-	
Lease liabilities	(13,145)	(13,350)	(18,551)	(1,200)	SFRS(I) 16 (58)
Borrowings (excluding lease liabilities)	(15,418)	(57,915)	(56,085)	-	
<b>At 31 December 2020</b>					
Trade and other payables	(15,543)	(350)	-	-	
Lease liabilities	(16,302)	(12,523)	(20,391)	(2,100)	SFRS(I) 16 (58)
Borrowings (excluding lease liabilities)	(14,028)	(9,967)	(96,361)	(10,543)	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (c) Liquidity risk (continued)

<u>Company</u>	Less than <u>1 year</u> <sup>7</sup> \$'000	Between 1 and 2 <u>years</u> <sup>7</sup> \$'000	Between 2 and 5 <u>years</u> <sup>7</sup> \$'000	Over 5 <u>years</u> <sup>7</sup> \$'000	
<b>At 31 December 2021</b>					
Trade and other payables	(951)	-	-	-	
Borrowings	(8,682)	(56,950)	(33,900)	-	
Financial guarantee contracts	(16,000)	-	-	-	SFRS(I) 7 (B11C(c))
<b>At 31 December 2020</b>					
Trade and other payables	(848)	-	-	-	
Borrowings	(6,377)	(4,450)	(84,450)	-	
Financial guarantee contracts	(16,000)	-	-	-	SFRS(I) 7 (B11C(c))

The Group intends to repay \$1,200,000 in the first quarter of 2021 for borrowings that are contractually repayable between two to five years<sup>6</sup>.

SFRS(I) 7  
(B10A(a))

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

SFRS(I) 7  
(39(b))



**Notes to the Financial Statements**

For the financial year ended 31 December 2021

**42. Financial risk management (continued)**

## (c) Liquidity risk (continued)

Group	Less than 1 year <sup>7</sup> \$'000	Between 1 and 2 years <sup>7</sup> \$'000	Between 2 and 5 years <sup>7</sup> \$'000	Over 5 years <sup>7</sup> \$'000
<b>At 31 December 2021</b>				
Net-settled interest rate swaps – cash flow hedges <sup>5</sup>				
- Net cash outflows	162	213	-	-
Gross-settled currency forwards – cash flow hedges and fair value hedges				
- Receipts	25,000	-	-	-
- Payments	(23,520)	-	-	-
<b>At 31 December 2020</b>				
Net-settled interest rate swaps – cash flow hedges <sup>5</sup>				
- Net cash outflows	124	236	-	-
Gross-settled currency forwards – cash flow hedges and fair value hedges				
- Receipts	10,110	-	-	-
- Payments	(8,713)	-	-	-
<b>Company</b>				
<b>At 31 December 2020</b>				
Gross-settled currency forwards – fair value hedges				
- Receipts	1,320	-	-	-
- Payments	(1,090)	-	-	-

The Company does not hold derivatives for hedging in 2021.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (c) Liquidity risk (continued)

The table below analyses the cash flows of derivative financial instruments that are not essential for an understanding of the timing of the cash flows. The cash flows of the instruments are grouped into relevant maturity groupings based on the expected settlement date of the cash flows from the balance sheet date.

SFRS(I) 7  
(39)(b)

<u>Group</u>	Less than <u>1 year</u> <sup>7</sup>	Between 1 and <u>2 years</u> <sup>7</sup>	Between 2 and <u>5 years</u> <sup>7</sup>	Over <u>5 years</u> <sup>7</sup>
<b>At 31 December 2021</b>				
Net settled currency forwards				
- Held for trading	(2,079)	-	-	-
<b>At 31 December 2020</b>				
Net settled currency forwards				
- Held for trading	(610)	-	-	-
<b>Company</b>				
<b>At 31 December 2021</b>				
Net settled currency forwards				
- Held for trading	150	-	-	-

The Company does not hold derivatives for trading in 2020.





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – liquidity risk

#### Contractual undiscounted cash flows

1. Irrespective of whether they are reported to key management, a maturity analysis should be disclosed for:
  - a. the non-derivative financial liabilities (including issued financial guarantee contracts) that show the remaining contractual maturities; and
  - b. derivative financial liabilities that include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows.

SFRS(I) 7  
(39(a), (b))

For derivative financial liabilities, it is judgemental as to whether the remaining contractual maturities would be essential for an understanding of the timing of the cash flows. SFRS(I) 7 specifies that contractual maturities would be essential in the following situations:

SFRS(I) 7  
(B11B)

- a. an interest rate swap with a remaining maturity of five years in a cash flow hedge of a variable rate financial asset or liability; and
- b. all loan commitments.

It should be noted that some derivatives may entail a series of periodic payments, and some of these payments may be due within 12 months, although the entire derivative may be classified as non-current on the balance sheet as the final maturity of the derivative instrument exceeds 12 months.

2. The amounts disclosed in the maturity analysis are contractual undiscounted cash flows of financial liabilities only, e.g.:
  - (a) gross lease liabilities (before deducting finance charges);
  - (b) prices specified in forward agreements to purchase financial assets for cash;
  - (c) net amounts for pay-floating/receive-fixed (or vice versa) interest rate swaps for which net cash flows are exchanged;
  - (d) contractual amounts to be exchanged in a derivative financial instrument (e.g., a currency swap) for which gross cash flows are exchanged; and
  - (e) gross loan commitments.

SFRS(I) 7  
(B11D)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – liquidity risk (continued)

#### Contractual undiscounted cash flows (continued)

3. Contractual cash flows are undiscounted and therefore differ from the carrying amount on the balance sheet by the amount of interest accruing between the balance sheet date and the maturity date. This difference is not expected to be material for balances due within 12 months given the short period of interest accrual. Entities can choose to add a column with the carrying amount that ties into the balance sheet and a reconciling amount column if they so wish, but this is not mandatory.
4. All financial liabilities must be included in the maturity analysis. The analysis should generally be based on contractual maturities. However, for derivative financial liabilities the standard provides entities with a choice to base the maturity grouping on expected rather than contractual maturities, provided the contractual maturities are not essential for an understanding of the timing of the cash flows.

SFRS(I) 7  
(B11B)

#### Variable amount payable

5. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. For example, when the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the reporting date.

SFRS(I) 7  
(B11D)

#### Expected maturity dates

6. An entity should disclose summary quantitative data about its exposure to liquidity risk based on the information provided internally to key management personnel. If the outflows of cash (or another financial asset) included in that data could occur significantly earlier than indicated in the data or be significantly different in the data disclosed above, the entity should state this fact and provide quantitative information that enables this risk to be assessed.

SFRS(I) 7  
(B10A)

#### Time buckets

7. In preparing the maturity analysis, an entity uses its judgement to determine an appropriate number of time buckets. SFRS(I) 7 prescribes that:
  - (a) When a counterparty has a choice of when an amount is to be paid, the liability is included on the basis of the earliest date on which the reporting entity can be required to pay.
  - (b) When an entity is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the entity can be required to pay.
  - (c) For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

SFRS(I) 7  
(B11, B11C)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (d) Capital risk

The Group's objectives when managing capital<sup>3</sup> are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

SFRS(I) 1-1  
(134 – 136)

Management monitors capital based on a gearing ratio<sup>1</sup>. The Group and the Company are also required under the terms of its major borrowing facilities to maintain a gearing ratio of not exceeding 70% (2020: 70%). The Group's and the Company's strategies, which were unchanged from 2020, are to maintain gearing ratios within 20% to 50% and 50% to 70% respectively.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<u>Group</u>		<u>Company</u>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net debt	<b>66,390</b>	128,295	<b>62,421</b>	63,996
Total equity	<b>208,786</b>	166,154	<b>59,772</b>	44,915
Total capital	<b>275,176</b>	294,449	<b>122,193</b>	108,911

**Gearing ratio**                      **24%**              44%                      **51%**              59%

The Group and the Company are in compliance with all externally imposed capital requirements<sup>2</sup> for the financial years ended 31 December 2020 and 2021.

SFRS(I) 1-1  
(135(d))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – Capital risk

1. This publication illustrates the capital risk disclosure for a reporting entity that monitors its capital using a gearing ratio. Other entities may use different and/or more complex methods to monitor capital. An entity decides, in the light of its circumstances, which measures are more suitable to monitor its capital and how much detail it should disclose. For instance, some entities may monitor capital based on Return on Capital Employed, Economic Value Added, or dividend payout ratio.
2. An entity may be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may also operate in several jurisdictions. When an aggregate disclosure will not provide useful information, the entity shall disclose separate information for each capital requirement to which the entity is subject.
3. The word “capital” denotes the company’s overall funding; it does not mean “equity capital”. Entities must describe what they manage as capital based on the type of information that is provided internally to the key management personnel.
4. An entity is required to disclose any changes from the previous period relating to:
  - (a) qualitative information about its objectives, policies and process for managing capital; and
  - (b) summary quantitative data about what it manages as capital.

SFRS(I) 1-1  
IG10

SFRS(I) 1-1  
(136)

SFRS(I) 1-1  
(135)

SFRS(I) 1-1  
(135(c))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (e) Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- |  |                    |
|--|--------------------|
| (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);  | SFRS(I) 13<br>(76) |
| (b) 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) (Level 2); and | SFRS(I) 13<br>(81) |
| (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).  | SFRS(I) 13<br>(86) |

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found at Note 11, Note 25 and Note 26.

<u>Group</u>	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000	SFRS(I) 13 (93(b))
<b>31 December 2021</b>					
<b>Assets</b>					
Financial assets, at FVPL	11,800	600	2,350	14,750	
Derivative financial instruments	-	2,798	158	2,956	
Financial assets, at FVOCI	4,200	-	525	4,725	
<b>Liabilities</b>					
Contingent consideration payable	-	-	500	500	
Derivative financial instruments	-	3,090	-	3,090	

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (e) Fair value measurements (continued)

<u>Group</u>	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000	SFRS(I) 13 (93(b))
<b>31 December 2020</b>					
Assets					
Financial assets, at FVPL	11,300	-	2,300	13,600	
Derivative financial instruments	-	2,045	117	2,162	
Financial assets, at FVOCI	9,358	-	4,094	13,452	
Liabilities					
Contingent consideration payable	-	-	350	350	
Derivative financial instruments	-	1,376	-	1,376	
<u>Company</u>	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000	
<b>31 December 2021</b>					
Assets					
Derivatives financial instruments	-	150	-	150	
Financial assets, at FVOCI	1,615	-	-	1,615	
<b>31 December 2020</b>					
Assets					
Derivatives financial instruments	-	211	-	211	
Financial assets, at FVOCI	1,600	-	-	1,600	

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting period.

SFRS(I) 13  
(95)

There were no transfers between Levels 1 and 2 during the year.

SFRS(I) 13  
(93(c))

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

SFRS(I) 13  
(91(a), (93(d)))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

SFRS(I) 13  
(93(d))

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

SFRS(I) 7  
(29(a))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments:

SFRS(I) 13  
(93(e))

	Interest rate <u>swaps</u>	Unlisted debt <u>instruments</u>	Mandatorily redeemable preference <u>shares</u>	Contingent consideration <u>payable</u>	
2021	\$'000	\$'000	\$'000	\$'000	
Beginning of financial year	117	4,094	2,300	(350)	
Purchases	-	500	-	-	SFRS (I) 13 (93(e)(iii))
Disposal	-	(4,633)	-	-	SFRS (I) 13 (93(e)(iii))
Fair value gain/(losses) recognised in					
- other comprehensive income (line item: fair value gains/losses – debt instruments)	-	564	-	-	SFRS (I) 13 (93(e)(ii))
- profit or loss (line item: other gains and losses)	41	-	50	(150)	SFRS (I) 13 (93(e)(i))
End of financial year	158	525	2,350	(500)	
Total unrealised gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the financial year <sup>(a)</sup>	20	-	50	(150)	SFRS(I) 13 (93(f))





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (e) Fair value measurements (continued)

	Interest rate <u>swaps</u>	Unlisted debt <u>instruments</u>	Mandatorily redeemable preference <u>shares</u>	Contingent consideration <u>payable</u>	
2020	\$'000	\$'000	\$'000	\$'000	
Beginning of financial year	41	4,237	1,110	(350)	
Transfer from level 2	70	-	-	-	SFRS(I) 13 (93(e)(iv))
Fair value (losses)/gains recognised in					
- other comprehensive income (line item: fair value losses – debt instruments)	-	(143)	-	-	SFRS (I) 13 (93(e)(ii))
- profit or loss (line item: other gains and losses)	6	-	1,190	-	SFRS (I) 13 (93(e)(i))
End of financial year	117	4,094	2,300	(350)	
Total unrealised gains recognised in profit or loss for assets and liabilities held at the end of the financial year <sup>(a)</sup>	4	-	1,190	-	SFRS(I) 13 (93(f))

<sup>(a)</sup> The unrealised gains/losses are presented in “other gains/losses” in the statement of comprehensive income.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (e) Fair value measurements (continued)

#### Valuation techniques and inputs used in Level 3 fair value measurements

SFRS(I) 13  
(93(d), 99)

Description	Fair value at 31 December 2021 (\$'000)	Unobservable inputs <sup>(a)</sup>	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Interest rate swaps	158 (2020: 117)	Credit default rate	24% (2020: 25%)	The higher the credit default rate, the lower the fair value.
Unlisted debt instruments	525 (2020: 4,094)	Credit default rate	14% (2020: 15%)	The higher the credit default rate, the lower the fair value.
		Risk-adjusted discount rate	10% - 11% (2020: 9% - 11%)	The higher the discount rate, the lower the fair value.
Mandatorily redeemable preference shares	2,350 (2020: 2,300)	Risk-adjusted discount rate	9% - 12% (2020: 10% - 13%)	The higher the discount rate, the lower the fair value.
Contingent consideration payable	500 (2020: 350)	Risk-adjusted discount rate	13% (2020: 14%)	The higher the discount rate, the lower the fair value.
		Estimated cumulative net profit	\$5,250,000 to \$6,500,000 2020: \$5,000,000 to \$6,250,000)	The higher the estimated cumulative net profit, the higher the fair value.

<sup>(a)</sup> There were no significant inter-relationships between unobservable inputs.

The Level 3 financial instruments were valued using discounted cash flow analysis.

There were no transfers between Levels 2 and 3 during the year. During the financial year ended 31 December 2020, the Group transferred a forward foreign exchange contract from Level 2 to Level 3. The counterparty encountered significant financial difficulties, which resulted in an increase in the credit risk specific to the counterparty.

SFRS(I) 13  
(93(e)(iv))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – Fair value measurements

#### Classes of assets and liabilities

SFRS(I) 13  
(94)

1. The disclosures in SFRS(I) 13 must be made separately for each class of assets and liabilities. Entities shall determine appropriate classes of assets and liabilities by considering:
  - (a) the nature, characteristics and risks of the asset or liability, and
  - (b) the level of the fair value hierarchy within which the fair value measurement is categorised.
2. A class of assets and liabilities will often require greater disaggregation than the line items presented in the balance sheet. The number of classes may also need to be greater for fair value measurements categorised within level 3 of the hierarchy, as those measurements have a greater degree of uncertainty and subjectivity. Entities shall disclose sufficient information to allow a reconciliation back to the line items disclosed in the balance sheet.

SFRS(I) 13  
(94)

#### Sensitivity analysis

SFRS(I) 13  
(93(h)(ii))

3. For fair value measurements in Level 3, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, that fact shall be stated and the effect of these changes disclosed. Significance shall be judged with respect to profit or loss, total assets or liabilities or total equity.

#### Equity instruments categorised within Level 3 of fair value hierarchy

SFRS(I) 13  
(93(d))

4. For fair value measurements categorised within Level 3 of the fair value hierarchy, quantitative information about the significant unobservable inputs used in the fair value measurement should be provided. An entity is not required to create quantitative information, to comply with this disclosure requirement, if quantitative unobservable inputs are not developed by the entity when measuring fair value (for example, when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure, an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

This needs to be presented in addition to the sensitivity analysis.

5. A narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

SFRS(I) 13  
(93(h))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – Fair value measurements (continued)

#### Equity instruments categorised within Level 3 of fair value hierarchy (continued)

6. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.
7. An entity with material equity investments in that are categorised within Level 3 of the fair value hierarchy could use the following illustrative disclosure:

SFRS(I) 13  
(93(h))

Description	Fair value at 31 Dec 2021	Valuation Technique	Unobservable inputs	Range of inputs	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
<b>Equity securities</b>						
<b>Singapore Consumer goods</b>	[ ]	Comparable trading multiples	EBITDA multiple Discount for lack of marketability	[ ] – [ ] times [ ]% – [ ]%	[ ] times [ ]%	[ ] / [ ] [ ] / [ ]
<b>Financial Services</b>	[ ]	Comparable trading multiples	EBITDA multiple Discount for lack of marketability	[ ] – [ ] times [ ]% – [ ]%	[ ] times [ ]%	[ ] / [ ] [ ] / [ ]
<b>[Industry]</b>	[ ]	[Applicable valuation technique]	[Applicable input] [Applicable input]	[ ] – [ ] times [ ]% – [ ]%	[ ] times [ ]%	[ ] / [ ] [ ] / [ ]

For further illustrative disclosures, please refer to the PwC Illustrative IFRS financial statements for Private Equity Funds [here](#).

#### Financial instruments carried at other than fair value

8. An entity should disclose the fair value for each class of financial assets and financial liabilities (per SFRS(I) 7(6)) in a way that permits it to be compared with its carrying amount. Fair values do not need to be disclosed for the following:
- (c) when the carrying amount is a reasonable approximation of fair value for example, for financial instruments such as short-term trade receivables and payables;
  - (d) a contract containing a discretionary participation feature (as described in SFRS(I) 4, 'Insurance contracts') if the fair value of that feature cannot be measured reliably; or
  - (e) for lease liabilities.

SFRS(I) 7  
(25), (29)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Financial risk management – Fair value measurements (continued)

#### Financial instruments carried at other than fair value (continued)

9. A statement that the carrying amount of financial assets or financial liabilities is a reasonable approximation of their fair value should only be made if it can be substantiated. That is, entities must have made a formal assessment of the carrying amounts of their financial assets and liabilities in comparison to their fair values and documented this assessment. If the fair values are not a reasonable approximation of the carrying amounts, the fair values must be disclosed.
10. The information about the fair values can be provided either in a combined financial instruments note or in the individual notes. However, fair values should be separately disclosed for each class of financial instrument, which means that each line item in the table would have to be broken down into individual classes.
11. For each class of assets and liabilities not measured at fair value in the balance sheet but for which fair value is disclosed, an entity shall disclose the information required as follows:
  - (a) the level of the fair value hierarchy within the fair value measurements are categorised in their entirety level (Level 1, 2 or 3);
  - (b) for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it; and
  - (c) for recurring and non-recurring fair value measurements of non-financial assets, if the highest and best use differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

SFRS(I) 13  
(97)

SFRS(I) 13  
(93(b))

SFRS(I) 13  
(93(d))

SFRS(I) 13  
(93(i))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (f) Financial instruments by category

SFRS(I) 7 (8)

The carrying amount of the different categories of financial instruments are as follows:

	<u>Group</u>		<u>Company</u>	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2021</b>				
Financial assets, at FVPL	17,706	15,762	150	211
Financial liabilities, at FVPL	3,590	1,726	-	-
Financial assets, at FVOCI	4,725	13,452	1,615	1,600
Financial assets, at amortised cost	129,521	68,983	29,907	26,231
Financial liabilities, at amortised cost <sup>1</sup>	160,217	159,115	81,567	81,274

### Guidance notes

1. Volume discount and refund liabilities are considered as financial liabilities as they require payments to the customers. PwC Holdings Ltd has determined this to be the case.

However, these should be excluded from financial liabilities if the arrangement is executory.



**Notes to the Financial Statements**

For the financial year ended 31 December 2021

**42. Financial risk management (continued)****(g) Offsetting financial assets and financial liabilities**SFRS(I) 7  
(13C)

The Group has the following financial instruments subject to enforceable master netting arrangements or other similar agreements as follows:

<u>Group</u>	<u>Related amounts set off in the balance sheet</u>			<u>Related amounts not set off in the balance sheet<sup>†</sup></u>		
	<u>Gross amounts – financial assets</u> \$'000	<u>Gross amounts – financial liabilities</u> \$'000	<u>Net amounts – presented in balance sheet</u> \$'000	<u>Financial assets/ (liabilities)</u> \$'000	<u>Financial collateral received</u> \$'000	<u>Net amount</u> \$'000
<b>At 31 December 2021</b>						
Derivative financial assets	3,372	(416)	2,956	(622)	-	2,334
Trade receivables	8,114	(1,988)	6,126	-	-	6,126
	<u>11,486</u>	<u>(2,404)</u>	<u>9,082</u>	<u>(622)</u>	<u>-</u>	<u>8,460</u>
Derivative financial liabilities	3,506	(416)	3,090	(622)	-	2,468
Trade payables	1,988	(1,988)	-	-	-	-
	<u>5,494</u>	<u>(2,404)</u>	<u>3,090</u>	<u>(622)</u>	<u>-</u>	<u>2,468</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (g) Offsetting financial assets and financial liabilities (continued)

SFRS(I) 7  
(13C)

Group	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet <sup>†</sup>		
	Gross amounts — financial assets \$'000	Gross amounts — financial liabilities \$'000	Net amounts — presented in balance sheet \$'000	Financial assets/ (liabilities) \$'000	Financial collateral received \$'000	Net amount \$'000
<b>At 31 December 2020</b>						
Derivative financial assets	2,756	(594)	2,162	(275)	-	1,887
Trade receivables	8,214	(2,549)	5,665	-	-	5,665
	<u>10,970</u>	<u>(3,143)</u>	<u>7,827</u>	<u>(275)</u>	<u>-</u>	<u>7,552</u>
Derivative financial liabilities	1,970	(594)	1,376	(275)	-	1,101
Trade payables	2,549	(2,549)	-	-	-	-
	<u>4,519</u>	<u>(3,143)</u>	<u>1,376</u>	<u>(275)</u>	<u>-</u>	<u>1,101</u>



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (g) Offsetting financial assets and financial liabilities (continued)

SFRS(I) 7  
(13C)

<u>Company</u>	<u>Related amounts set off in the balance sheet</u>			<u>Related amounts not set off in the balance sheet<sup>†</sup></u>		
	Gross amounts – financial assets	Gross amounts – financial liabilities	Net amounts – presented in balance sheet	Financial assets/ (liabilities)	Financial collateral received	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2021</b>						
Derivative financial assets	200	(50)	150	-	-	150
Derivative financial liabilities	50	(50)	-	-	-	-
<b>At 31 December 2020</b>						
Derivative financial assets	345	(134)	211	-	-	211
Derivative financial liabilities	134	(134)	-	-	-	-

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 42. Financial risk management (continued)

### (g) Offsetting financial assets and financial liabilities (continued)

Agreements with derivative counterparties are based on an International Swap Derivatives Association ("ISDA") Master Agreement. Under the terms of these arrangements, only upon the occurrence of certain credit events (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right to set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

SFRS(I) 7  
(13E, B50)

### Guidance notes

#### Offsetting of financial assets and financial liabilities

- These amounts are not set off in the balance sheet as the agreements do not meet some or all of the offsetting criteria in SFRS(I) 1-32.
- Alternatively, the offsetting information may be presented in the following format:

SFRS(I) 7  
(13C)

<b>31 December 2021</b> <b>(\$'000)</b>	Derivative financial <u>assets</u>	Derivative financial <u>liabilities</u>	Trade <u>receivables</u>	Trade <u>payables</u>
Gross amount	3,372	3,506	8,114	1,988
Less: Gross amount set off in balance sheet	(416)	(416)	(1,988)	(1,988)
Net amount presented in balance sheet	2,956	3,090	6,126	-
Less: related amount not set off in balance sheet	(622)	(622)	-	-
Less: financial collateral received/pledged	-	-	-	-
Net amount	2,334	2,468	6,126	-



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 43. Immediate and ultimate holding corporations

The Company's immediate holding corporation is PwC Corporate Limited, incorporated in Singapore. The ultimate holding corporation is PwC Global Limited, incorporated in the United Kingdom.

SFRS(I) 1-1  
(138(c))  
SFRS(I) 1-24  
(13)  
CA 201(11)

### Guidance notes

#### Immediate and ultimate holding corporation

#### Ultimate controlling party

1. An entity shall disclose the name of the entity's parent and if different, the name of the ultimate controlling party, which can be an individual person or an entity that is not an incorporated entity.

SFRS(I) 1-24  
(13)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 44. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

### (a) Transactions with related parties

SFRS(I) 1-24  
(18), (24)

	Group		
	31 December		
	2021	2020	
	\$'000	\$'000	
Sales of goods and/or services to			
- associates	2,354	1,792	SFRS(I) 1-24 (19(d))
- other related parties	1,043	658	SFRS(I) 1-24 (19(g))
Purchases of materials from			
- associates	17,232	15,235	SFRS(I) 1-24 (19(d))
- fellow subsidiaries	89,023	72,789	SFRS(I) 1-24 (19(g))
Purchase of plant and equipment from other related parties	800	500	SFRS(I) 1-24 (19(g))
Payments made on behalf and reimbursed by the immediate holding corporation	328	144	SFRS(I) 1-24 (19(a))
Professional fees received from other related parties	128	200	SFRS(I) 1-24 (19(g))
Technical fees received from other related parties	12	8	SFRS(I) 1-24 (19(g))
Purchase commitments from other related parties	350	250	SFRS(I) 1-24 (18)

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

SFRS(I) 1-24  
(9)

Outstanding balances at 31 December 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 18 and 30 respectively.

SFRS(I) 1-24  
(18(b)(i))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 44. Related party transactions (continued)

### (b) Key management personnel compensation<sup>2</sup>

SFRS(I) 1-24  
(17)

Key management personnel compensation is as follows:

	<u>Group</u>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Wages and salaries	<b>4,827</b>	3,998
Employer's contribution to defined contribution plans, including Central Provident Fund	<b>398</b>	220
Termination benefits	<b>120</b>	-
Other long-term benefits	<b>85</b>	40
Share option expense	<b>420</b>	350
	<b>5,850</b>	4,608

SFRS(I) 1-24  
(17(a))

SFRS(I) 1-24  
(17(b))

SFRS(I) 1-24  
(17(d))

SFRS(I) 1-24  
(17(c))

SFRS(I) 1-24  
(17(e))

## Guidance notes

### Related party transactions

#### Commitments

SFRS(I) 1-24  
(18)

1. If an entity has had related party transactions during the period, it shall disclose the nature of the related party relationships as well as information about these transactions and outstanding balances, including commitments.

An entity shall disclose commitments to do something if a particular event occurs or does not occur in the future, including recognised and unrecognised executory contracts.

The following are examples of commitments which could require disclosure of the amounts as at the balance sheet date, and the related terms and conditions:

- Long-term incentive schemes for key management personnel.
- Agreements with members of key management personnel to pay certain benefits in the event of termination of employment ("golden parachutes").
- Agreements (including options) between the entity and a related party to purchase or sell assets.
- Agreements (including options) to provide services to or receive services from a related party.
- Commitments under lease agreements with related parties.

The above list is not exhaustive.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Related party transactions (continued)

#### Key management personnel services provided by separate management entity

2. If an entity incurred amounts for the provision of key management personnel services that are provided by a separate management entity, these amounts must be disclosed.

SFRS(I) 1-24  
(18A)

#### Investment entities

3. An investment entity is exempt from consolidating certain subsidiaries and measures them at fair value through profit or loss instead. Investment entities must disclose any transactions and outstanding balances with those subsidiaries, as they are not eliminated on consolidation.

## 45. Segment information

The Executive Committee ("Exco") is the Group's chief operating decision-maker. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources and assess performance.

SFRS(I) 8  
(22(a))

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore, People's Republic of China and the Philippines. From a business segment perspective, management separately considers the manufacture, sale, and construction activities in these geographic areas. All the geographic areas are engaged in the manufacture and sale of electronic component parts.

SFRS(I) 8  
(22(b))

In addition, the Singapore geographic area derives revenue from construction of specialised equipment, while the People's Republic of China and the Philippines geographic areas derive revenues from the sale of household and office furniture.

Although the Exco receives separate reports for the furniture retail and wholesale businesses, they have been aggregated into one reportable segment as they have similar economic growth rates.

SFRS(I) 8  
(22(aa))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 45. Segment information (continued)

Other segments included the sale of furniture in Vietnam and Malaysia and investment holding and provision of logistic services in Singapore and People's Republic of China. These are not included within the reportable operating segments as they are not separately reported to the Exco. The results of these operations are included in the "all other segments" column. The manufacture and sale of electronic component parts in Thailand was previously under the "component parts" reportable segment of Group. However, the entire results from this segment was presented separately on the statement of comprehensive income as "Discontinued operations" for the year ended 31 December 2021(Note 11).

SFRS(I) 8 (16)

SFRS(I) 5  
(41(d))

The Exco assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

SFRS(I) 8  
(27(b))

Sales between segments are carried out at market terms. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of comprehensive income.

SFRS(I) 8  
(27(a))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 45. Segment information (continued)

The segment information provided to the Exco for the reportable segments are as follows:

	← Singapore →		← China →		← Philippines →			
	Component Parts	Const- ruction	Component Parts	Furniture	Component Parts	Furniture	All other segments	Total for continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>								
<b>Sales</b>								
Total segment sales	103,785	29,824	73,337	43,857	2,758	29,485	5,870	288,916
Inter-segment sales	(23,857)	-	(11,835)	(4,869)	(780)	(1,929)	-	(43,270)
Sales to external parties	79,928	29,824	61,502	38,988	1,978	27,556	5,870	245,646
<b>Adjusted EBITDA</b>								
	31,699	23,069	12,026	13,781	955	8,435	509	90,474
Depreciation	(8,319)	(4,773)	(1,928)	(2,319)	(1,754)	(1,546)	(514)	(21,153)
Amortisation	(1,019)	-	(135)	(64)	(123)	(42)	(60)	(1,443)
Goodwill impairment	-	-	-	(500)	-	-	-	(500)
Share of profit of associates and joint venture	-	-	387	-	-	-	374	761
<b>Segment assets</b>	74,259	52,353	113,396	54,963	3,680	37,522	13,073	349,246
<b>Segment assets includes:</b>								
Investment in associates and joint venture	-	-	-	-	-	-	10,121	10,121
<b>Additions to:</b>								
- property, plant and equipment	322	451	750	357	681	-	-	2,561
- investment property	735	-	-	-	-	-	-	735
- intangible assets	758	-	2,188	-	256	-	883	4,085
<b>Segment liabilities</b>	(15,947)	(9,366)	(24,325)	(8,165)	(266)	(2,776)	(1,136)	(61,981)

SFRS(I) 8  
(23(b))SFRS(I) 8  
(23(a), 33(a))SFRS(I) 8  
(23(e))SFRS(I) 8  
(23(e))SFRS(I) 8  
(23(i))SFRS(I) 8  
(23(g))SFRS(I) 8  
(24(a))SFRS(I) 8  
(24(b))SFRS(I) 8  
(24(b))SFRS(I) 8  
(24(b))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 45. Segment information (continued)

	← Singapore →		← China →		← Philippines →			
	Component Parts	Const- ruction	Component Parts	Furniture	Component Parts	Furniture	All other segments	Total for continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>								
<b>Sales</b>								
Total segment sales	86,464	29,015	54,001	34,225	3,152	28,453	5,460	240,770
Inter-segment sales	(22,158)	-	(11,552)	(4,580)	(742)	(2,840)	-	(41,872)
Sales to external parties	64,306	29,015	42,449	29,645	2,410	25,613	5,460	198,898
<b>Adjusted EBITDA</b>								
	23,709	18,829	9,574	10,971	760	6,715	373	70,931
Depreciation	(5,059)	(2,877)	(1,162)	(1,398)	(1,057)	(932)	(265)	(12,750)
Amortisation	(674)	-	(89)	(42)	(81)	(28)	(40)	(954)
Goodwill impairment	-	-	(1,081)	-	-	-	-	(1,081)
Share of profit of associates and joint venture	-	-	-	-	-	-	340	340
<b>Segment assets</b>	<b>76,823</b>	<b>62,169</b>	<b>77,230</b>	<b>41,596</b>	<b>2,785</b>	<b>28,397</b>	<b>9,578</b>	<b>298,578</b>
<b>Segment assets includes:</b>								
Investment in associates and joint venture	-	-	-	-	-	-	9,063	9,063
Additions to:								
- property, plant and equipment	378	530	882	420	801	-	-	3,011
- investment property	246	-	-	-	-	-	-	246
- intangible assets	1,191	-	151	-	138	-	12	1,492
<b>Segment liabilities</b>	<b>(25,975)</b>	<b>(16,800)</b>	<b>(3,427)</b>	<b>(3,300)</b>	<b>(211)</b>	<b>(2,200)</b>	<b>(818)</b>	<b>(52,731)</b>

SFRS(I) 8  
(23(b))  
SFRS(I) 8  
(23(a), 33(a))

SFRS(I) 8  
(23(e))  
SFRS(I) 8  
(23(e))  
SFRS(I) 8  
(23(i))

SFRS(I) 8  
(23(g))

SFRS(I) 8  
(24(a))

SFRS(I) 8  
(24(b))

SFRS(I) 8  
(24(b))

SFRS(I) 8  
(24(b))

Notes

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 45. Segment information (continued)

### (a) Reconciliations

#### (i) Segment profits

A reconciliation of adjusted EBITDA to profit before tax and discontinued operations is as follows:

SFRS(I)  
8 (28(b))

	2021 \$'000	2020 \$'000
Adjusted EBITDA for reportable segments	89,965	70,558
Adjusted EBITDA for other segments	509	373
Total adjusted EBITDA	90,474	70,931
Depreciation	(21,153)	(12,750)
Amortisation	(1,443)	(954)
Impairment loss on goodwill	(500)	(1,081)
Finance expense*	(9,739)	(7,213)
Interest income	2,939	2,144
<b>Profit before tax and discontinued operations</b>	<b>60,578</b>	<b>51,077</b>

#### (ii) Segment assets

The amounts reported to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than assets associated with disposal group, deferred income tax assets, short-term bank deposits, derivative financial instruments, financial assets at FVPL, financial assets, at FVOCI and other investments at amortised cost.

SFRS(I)  
8 (27(c))



**Notes to the Financial Statements**

For the financial year ended 31 December 2021

**45. Segment information (continued)**

## (a) Reconciliations (continued)

## (ii) Segment assets (continued)

Segment assets are reconciled to total assets as follows:

SFRS(I) 8  
(28(c))

	2021 \$'000	2020 \$'000
Segment assets for reportable segments	336,173	289,000
Other segment assets	13,073	9,578
Total segment assets	<u>349,246</u>	<u>298,578</u>
Unallocated:		
Assets associated with disposal group	2,818	-
Deferred income tax assets	2,784	2,541
Short-term bank deposits	13,487	11,963
Derivative financial instruments	2,956	2,162
Financial assets, at FVPL and at FVOCI and other investments at amortised cost	22,972	29,455
Total assets	<u>394,263</u>	<u>344,699</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 45. Segment information (continued)

### (a) Reconciliations (continued)

#### (iii) Segment liabilities

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than liabilities associated with disposal group, income tax liabilities, borrowings (excluding lease liabilities) and derivative financial instruments.

SFRS(I) 8  
(27(d))

Segment liabilities are reconciled to total liabilities as follows:

SFRS(I) 8  
(28(d))

	2021 \$'000	2020 \$'000
Segment liabilities for reportable segments	60,845	51,913
Other segment liabilities	1,136	818
Total segment liabilities	61,981	52,731
Unallocated:		
Liabilities associated with disposal group	287	-
Current income tax liabilities	800	1,700
Deferred income tax liabilities	13,587	12,360
Borrowings	105,732	110,378
Derivative financial instruments	3,090	1,376
Total liabilities	185,477	178,545



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 45. Segment information (continued)

### (b) Revenue from major products and services

Revenues from external customers are derived mainly from the sale of electronic parts, sale of household and office furniture and construction of specialised equipment. Investment holding and provision of logistics services are included in "Others". The breakdown of the Group's revenue by products and services is provided under Note 4(a).

SFRS(I) 8 (32)

Revenues of \$21,797,500 (2020: \$21,675,300) are derived from a single external customer. These revenues are attributable to the Singapore manufacture and sale of component parts segment.

SFRS(I) 8 (34)

The Group's three business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacture and sale of electronic component parts, construction of specialised equipment, provision of logistics services and investment holding;
- People's Republic of China – the operations in this area are principally the sale of furniture, manufacture and sale of electronic component parts and provision of logistics services;
- The Philippines – the operations in this area are principally the manufacture and sale of electronic component parts and sale of furniture; and
- Other countries – the operations include the sale of furniture in Vietnam and Malaysia.

	<u>Non-current assets</u>		SFRS(I) 8 (33(b))
	2021	2020	
	\$'000	\$'000	
Singapore	92,771	80,656	
People's Republic of China	97,921	85,134	
The Philippines	23,462	20,398	
Other countries	492	428	
	<b>214,646</b>	<b>186,616</b>	

The Group's revenue by geographical areas is disclosed under Note 4(a).

SFRS(I) 8  
(33(a))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Segment information

#### EBITDA

1. The measure of profit that is reported here depends on what the Chief Operating Decision Maker ("CODM") reviews. EBITDA should not be used if it is not the measure of profit that the CODM reviews.

#### Description of segments

2. Entities shall disclose factors used to identify its reportable segments, including the basis of organisation, and types of products and services from which each reportable segment derives its revenues. Entities must also disclose the judgements made by management in applying the aggregation criteria of the standard, including a description of the aggregated segments and the economic indicators that have been assessed in determining that the aggregated segments share similar economic characteristics.

SFRS(I)  
8  
(22(a)),  
(22(aa))

#### Additions to non-current assets

3. An entity shall disclose the amount of additions to the non-current assets for each reportable segment, including the additions to ROU assets. For the purpose of this publication, the ROU assets are classified within 'property, plant and equipment' and therefore, the additions to ROU assets are not separately disclosed in segment information.

SFRS(I)  
8  
(24(b))



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 46. Business combinations

On 1 June 2021, the Group acquired a 95% equity interest in AB Components Co., Ltd (now known as PwC Components (Dalian) Co., Ltd ("PwC Components Dalian"). The principal activity of PwC Components (Dalian) is that of manufacturing and trading of component parts in China. As a result of the acquisition, the Group is expected to increase its presence in China. It also expects to reduce costs through economies of scale.

SFRS(I) 3  
(B64(a-d))

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	\$'000	
(a) Purchase consideration		
Cash paid	10,452	SFRS(I) 3 (B64(f)(i))
Contingent consideration (Note (e) below)	500	SFRS(I) 3 (B64) ((f)(iii), (g)(i))
Total purchase consideration	10,952	SFRS(I) 3 (B64(f))
Less: Indemnification asset (Note (i) below)	(400)	SFRS(I) 3 (B64(g)(i))
<b>Consideration transferred for the business</b>	<b>10,552</b>	
(b) Effect on cash flows of the Group		
Cash paid (as above)	10,452	SFRS(I) 1-7 (40)(b)
Less: Cash and cash equivalents in subsidiary acquired	(3,374)	SFRS(I) 1-7 (40)(c)
<b>Cash outflow on acquisition</b>	<b>7,078</b>	SFRS(I) 1-7 (40)(a)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 46. Business combinations (continued)

(c) Identifiable assets acquired and liabilities assumed	At fair value \$'000	SFRS(I) 3 (B64(i))
		SFRS(I) 1-7 (40(d))
Cash and cash equivalents	3,374	
Property, plant and equipment (Note 26)	7,240	
Trademarks and licences (included in intangibles) (Note 29(b) and note (g) below)	535	
Inventories	3,210	
Trade and other receivables (Note (f) below)	4,356	
<b>Total assets</b>	<b>18,715</b>	
Trade and other payables	(4,350)	
Borrowings	(2,500)	
Contingent liability (included in provisions) (Note 34(c) and Note (h) below)	(500)	
Current tax liabilities (Note 10(b))	(310)	
Deferred tax liabilities (Note 35)	(985)	
<b>Total liabilities</b>	<b>(8,645)</b>	
<b>Total identifiable net assets</b>	<b>10,070</b>	
Less: Non-controlling interest at fair value	(768)	SFRS(I) 3 (B64(o)(ii))
Add: Goodwill (Note 29(a) and Note (k) below)	1,250	
<b>Consideration transferred for the business</b>	<b>10,552</b>	





# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 46. Business combinations (continued)

### (d) Acquisition-related costs

SFRS(I) 3  
(B64(m))

Acquisition-related costs of \$250,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

### (e) Contingent consideration

The Group is required to pay the former owners of PwC Components Dalian \$800,000 in cash if PwC Components Dalian achieves a cumulative net profit of \$13,000,000 or more for the period from 1 June 2021 to 31 May 2023.

SFRS(I) 3  
(B64((f)(iii),  
(g)))

The fair value of the contingent consideration as at the acquisition date was estimated to amount to \$500,000 based on an income approach. This fair value was based on an estimated cumulative net profit of PwC Components Dalian ranging from \$12,000,000 to \$13,500,000 for the relevant period, discounted at 7% per annum. This is a Level 3 fair value measurement.

### (f) Acquired receivables

The fair value of trade and other receivables is \$4,356,000 and includes trade receivables with a fair value of \$4,250,000. The gross contractual amount for trade receivables due is \$4,350,000, of which \$100,000 is expected to be uncollectible.

SFRS(I) 3  
(B64(h))

### (g) Fair values

The fair value of the acquired identifiable intangible assets of \$535,000 (trademarks and licences) was finalised during the year. No adjustments were required to be recognised.

SFRS(I) 3 (45)

### (h) Contingent liability

A contingent liability of \$500,000 has been recognised for a pending lawsuit in which the entity is a defendant. The claim has arisen from a customer alleging defective products. It is expected that a decision on this case will be reached by the relevant court of law by the end of 2022. The potential undiscounted amount of all future payments that the Group could be required to make is estimated to be between \$400,000 and \$600,000, if an adverse decision is made. As at 31 December 2021, there has been no change in the amount recognised for the liability since the acquisition date, as there has been no change in the range of outcome or assumptions used to develop the estimates.

SFRS(I) 3  
(B64(j)),  
SFRS(I) 3  
(B67(c))  
SFRS(I) 1-37  
(84,85)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 46. Business combinations (continued)

### (i) Indemnification asset

The seller of PwC Components Dalian has contractually agreed to indemnify the Group for the claim that may become payable in respect of the lawsuit disclosed in (h) above, up to a maximum amount of \$400,000. As is the case with the indemnified liability, there has been no change in the amount recognised for the indemnification asset since the acquisition date.

SFRS(I) 3  
(27,57)  
SFRS(I) 3  
(B64(g))

### (j) Non-controlling interests

The Group has chosen to recognise the 5% non-controlling interest at its fair value of \$768,000. The fair value was estimated by applying an income approach. This is a Level 3 fair value measurement. The fair value estimates are based on:

SFRS(I) 3  
(B64(o))

- an assumed discount rate of 7% per annum;
- an assumed terminal value based on a range of terminal EBITDA multiples between three and five times;
- long-term sustainable growth rate of 2%;
- assumed financial multiples of companies deemed to be similar to PwC Components Dalian; and
- assumed adjustments because of the lack of control or lack of marketability that market participants would consider.

### (k) Goodwill

The goodwill of \$1,250,000 arising from the acquisition is attributable to the distribution network in China and the synergies expected to arise from the economies of scale in combining the operations of the Group with those of PwC Components Dalian. It is not deductible for tax purposes.

SFRS(I) 3  
(B64)(e),  
B64(q))

### (l) Revenue and profit contribution

The acquired business contributed revenue of \$24,950,000 and net profit of \$3,250,000 to the Group from the period from 1 June 2021 to 31 December 2021.

SFRS(I) 3  
(B64(q))

Had PwC Components Dalian been acquired from 1 January 2021, consolidated revenue and consolidated profit for the year ended 31 December 2021 would have been \$49,950,000 and \$6,620,000 respectively.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Business combinations

#### Comparative disclosures for business combinations in prior year

- Under SFRS(I) 1-1, comparative information must be given for all numerical information reported in the financial statements, including narratives. However, SFRS(I) 3 does not separately require comparative information in respect of business combinations. In our view, the SFRS(I) 3 disclosures are required only for business combinations occurring during the period. This means that in the period following the combination, the disclosures required in paragraph B64 of SFRS(I) 3 do not need to be repeated. However, if the initial accounting for a business combination in the prior year was incomplete, the disclosures that are required in relation to a prior business combination in paragraph B67 of SFRS(I) 3 must be made.

SFRS(I) 1-1  
(38)

#### Equity interests issued as purchase consideration

- When equity interests are issued or issuable as part of the cost of acquisition, the entity shall disclose the number of instruments or interests issued or issuable and the method of determining their fair value.

SFRS(I) 3  
(B64(f)(iv))

#### Business combination achieved in stages

- Where the business combination was achieved in stages, the fair value of the previously held interest immediately before the acquisition date shall form part of the total purchase consideration. That acquisition-date fair value shall be disclosed together with the amount of any gain or loss recognised as a result of remeasuring to fair value the previously held interest, and the line item in the statement of comprehensive income where that gain or loss is included.

SFRS(I) 3  
(B64(p))

#### Indemnification assets

- When the seller agrees to contractually indemnify the acquirer for the outcome of a contingency or uncertainty related to a specific asset or liability, the acquirer recognises an indemnification asset with an equivalent amount deducted from the consideration transferred for the business combination. The amount recognised, a description of the arrangement and an estimate of the range of outcomes shall be disclosed.

SFRS(I) 3 (27)  
SFRS(I) 3  
(B64(g))

#### Provisional fair values and subsequent adjustments during the measurement period

- If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete and the reason why the initial accounting is incomplete.

SFRS(I) 3  
(B67)

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Business combinations (continued)

#### Provisional fair values and subsequent adjustments during the measurement period (continued)

6. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The acquirer shall disclose information that enables users of financial statements to evaluate the financial effects of adjustments recognised.

SFRS(I) 3  
(B67)

## 47. Events occurring after balance sheet date

On 24 February 2022, the Group issued \$4,300,000 6.5% Singapore Dollar bonds to finance the purchase of an additional 40% interest in an associate, PwC A Property (Hong Kong) Limited ("PwC Hong Kong") and new equipment in the construction segment. The bonds are repayable on 25 February 2026.

SFRS(I) 1-10  
(21)

On 1 March 2022, the Group acquired a 100% interest in PwC Philippines Logistics Pte Ltd ("PwC Philippines"), a company incorporated in Philippines which is engaged in provision of logistics services, for a cash consideration of \$12,500,000. The fair value of the Group's share of the identifiable net assets of PwC Philippines at the date of acquisition has been provisionally determined at \$11,200,000. Acquisition-related costs of \$360,000 have been incurred and will be included in administrative expenses in the statement of comprehensive income for the year ending 31 December 2022. Details of the assets acquired and liabilities assumed, non-controlling interest that will be recognised, revenue and profit contribution of PwC Philippines and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. PwC Philippines will be consolidated with effect from 1 March 2022.

SFRS(I) 1-10  
(21)  
SFRS(I) 1-10  
(22(a))  
SFRS(I) 3  
(B66)

## Guidance notes

### Business combinations occurring after balance sheet date but before the financial statements are authorised for issue

1. SFRS(I) 3 requires an acquirer to disclose the same information for business combinations occurring after balance sheet date but before the financial statements are authorised for issue as what is disclosed for business combinations occurring during the reporting period. The only exception is if the accounting for such business combination is incomplete at the time the financial statements are authorised for issue, in which case the acquirer shall describe which disclosures could not be made and the reasons why.

SFRS(I) 3  
(B66)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 48. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

### **Amendments to SFRS(I) 1-1 Presentation of Financial Statements:**

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-16 Property, Plant and Equipment:** Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 48. New or revised accounting standards and interpretations (continued)

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract** (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

### Guidance notes

#### New or revised accounting standards and interpretations

1. Entities must explain if there are any accounting standards and interpretations which are not yet applied but are expected to have a material effect on the entity in the current period and on foreseeable future transactions. Where a pronouncement introduces a new accounting option that was not previously available, the entity should explain whether and/or how it expects to use the option in the future.
2. It is not required to list all SFRS(I)s, INT SFRS(I)s and amendments to SFRS(I)s that have been issued but are not effective at date of authorisation of financial statements. Only those relevant to the entity's operations should be indicated.

SFRS(I) 1-8  
(30)

## 49. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of PwC Holdings Ltd on 20 March 2022.

SFRS(I) 1-10  
(17)



# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 50. Listing of significant companies in the Group

SGX 715-718

<u>Name of companies</u>	<u>Principal Activities</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>	
			31 December 2021	2020
<u>Significant subsidiaries</u>				
			%	%
PwC Construction Pte Ltd <sup>(a)</sup>	Construction of specialised equipment	Singapore	100	100
PwC Property (Singapore) Pte Ltd <sup>(a)</sup>	Investment holding	Singapore	100	100
PwC Furniture (PRC) Co., Ltd <sup>(d)</sup>	Sale of furniture	People's Republic of China	85	85
PwC Components (Singapore) Pte Ltd <sup>(a), (g)</sup>	Manufacture of component parts	Singapore	45	45
PwC Components (PRC) Co., Ltd <sup>(d)</sup>	Manufacture of component parts	People's Republic of China	80	80
PwC Components (China) Pte Ltd <sup>(d)</sup>	Manufacture of component parts	People's Republic of China	70	70
PwC Furniture (Philippines) Pte Ltd <sup>(b)</sup>	Sale of furniture	The Philippines	70	70
PwC Components (Dalian) Co., Ltd <sup>(d)</sup>	Manufacture of component parts	People's Republic of China	95	-
<u>Significant joint venture</u>				
PwC JV Logistics (PRC) Co., Ltd <sup>(d), (f)</sup>	Provision of logistics services	People's Republic of China	60	60
<u>Significant associates</u>				
PwC A Property (Hong Kong) Limited <sup>(e)</sup>	Investment holding	Hong Kong	35	35
PwC A Furniture Sdn Bhd <sup>(c)</sup>	Sale of furniture	Malaysia	25	25

(a) Audited by PricewaterhouseCoopers LLP, Singapore

(b) Audited by Isla Lipana &amp; Co, Philippines

(c) Audited by Tan &amp; Co., Malaysia

(d) Audited by Great Wall CPA Company Limited, People's Republic of China

(e) Not required to be audited under the laws of the country of incorporation

(f) Not consolidated as the entity is not controlled by the Group and deemed to be a joint venture as the Group shares the control of the entity

(g) Deemed to be a subsidiary as the Group has the ability to nominate a majority of the directors of the subsidiary.

(h) In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associates would not compromise the standard and effectiveness of the audit of the Company.

SFRS(I) 12  
(9(a))SFRS(I) 12  
(9(b))

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## Guidance notes

### Listing of significant companies in the Group

1. The term “significant” is not defined in SFRS(I). However, in the SGX-ST Listing Manual, a subsidiary or associate is considered significant if its net tangible assets represent 20% or more of the issuer’s consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer’s consolidated pre-tax profits. In the absence of a formal definition in SFRS(I), it is preferable to adopt this definition set out in the SGX-ST Listing Manual.
2. Companies listed on the SGX are also required to disclose the name(s) of the auditing firm(s) of their significant subsidiaries and associates. It is a good practice for listed companies to inform the auditing firm(s) that their name(s) will be disclosed in the financial statements.
3. It shall be noted that under the SGX-ST Listing Manual, an issuer may appoint different auditors for its subsidiaries or significant associates provided that:
  - (i) the issuer’s board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or
  - (ii) the issuer’s subsidiary or associate, is listed on a stock exchange.

SGX 718

SGX 717

SGX 716





# Other Disclosures

## Additional Disclosure Requirements

- Additional requirements of Singapore Exchange Securities Trading Listing Manual
- Shareholders' information as at 13 March 2022

## Additional Illustrative Disclosures

- Appendix 1
- Appendix 2
- Appendix 3



## Additional Disclosure Requirements

For the financial year ended 31 December 2021

### Additional requirements of Singapore Exchange Securities Trading Listing Manual

#### Corporate information

##### Company secretary

S.M. Barker

SGX 1207 (1)

##### Registered office

350 Harbour Street

#30-00 PwC Centre

Singapore 049929

Telephone number : (65) 6226 5066

Facsimile number : (65) 6226 5788

Website : [http://www.pwcholdings.com.sg]

SGX 1207 (2)

##### Share registrar

Independent Registry Firm

10 Collyer Quay #19-00

Ocean Building Singapore 049315

SGX 1207 (3)

##### Auditor

PricewaterhouseCoopers LLP

7 Straits View, Marina One,

East Tower, Level 12,

Singapore 018936

Audit Partner: Ken Wang

Year of appointment: 2015

SGX 713

#### Material contracts<sup>1</sup>

SGX 1207 (8)

In 2021, the Company entered into a two-year contract with ABAS Consultancy Pte Ltd, which is a firm owned by the wife of Mr Ang Boon Chew, a director of the Company. The firm provided professional services to the Company amounting to \$212,000 (2020: \$149,000) during the financial year. Based on the long-term contract, the Company was able to obtain professional services slightly below the normal price. As an average, services were charged at 5% below the normal price in 2021 (2020: 4% below the normal price).

#### Directors' remuneration<sup>2</sup>

Please refer to information disclosed in Section (B) of the Corporate Governance Report.

SGX 1207  
(12-15)

**Additional Disclosure Requirements**

For the financial year ended 31 December 2021

**Additional requirements of Singapore Exchange Securities Trading Listing Manual (continued)****Auditors' fees<sup>3</sup>**SGX 1207  
(6(a))

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Auditor's remuneration paid/payable to <sup>3</sup>		
- Auditor of the Company	<b>440</b>	386
- Other auditors*	<b>410</b>	358
Other fees paid/payable to <sup>3</sup>		
- Auditor of the Company	<b>125</b>	120
- Other auditors	<b>210</b>	212
	<b>1,185</b>	1,076

\*Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL).

**Appointment of auditors**

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

SGX 1207  
(6(c))**Review of the provision of non-audit services by the auditors<sup>5</sup>**

The Audit Committee has undertaken a review of non-audit services provided by the auditor<sup>5</sup> and they would not, in the Audit Committee's opinion, affect their independence.

SGX 1207  
(6(b))**Internal controls<sup>6</sup>**

Please refer to information disclosed in Section (CG.9) of the Corporate Governance Report.

SGX 1207  
(10)

# Additional Disclosure Requirements

For the financial year ended 31 December 2021

## Additional requirements of Singapore Exchange Securities Trading Listing Manual (continued)

### Properties of the Group

SGX 1207  
(11(a))

#### Major properties held for development

<u>Location</u>	<u>Description</u>	<u>Intended Use</u>	<u>Stage of completion</u>	<u>Expected date of completion</u>	<u>Site area (sq m)</u>	<u>Gross floor area (sq m)</u>	<u>Group's Effective interest in the property</u>
Upper Thomson Road	3-storey building	Commercial	20%	June 2021	400	1,122	100%

#### Major properties held for investment

SGX 1207  
(11(b))

<u>Location</u>	<u>Description</u>	<u>Existing Use</u>	<u>Tenure</u>	<u>Unexpired term of lease</u>
Cairnhill, Singapore	Apartment Unit	Residential	Freehold	-
Jurong East, Singapore	2-storey apartment unit	Residential	Leasehold	95
Tampines, Singapore	5-storey building	Commercial	Leasehold	70

### Interested person transactions

SGX 1207 (17)  
SGX 901

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 each)

<u>Name of interested person</u>	<u>Transactions not conducted under shareholders' mandate pursuant to Rule 920</u>		<u>Transactions conducted under shareholders' mandate pursuant to Rule 920</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Abacus Subsidiary Pte Ltd:				
- sale of goods	-	-	470	729
Sandoz Family Business Pte Ltd:				
- sale of plant and equipment	600	-	-	-
ABAS Consultancy Pte Ltd:				
- purchase of professional services	-	361	-	-

# Additional Disclosure Requirements

For the financial year ended 31 December 2021

## Guidance notes

### Additional requirements of Singapore Exchange Securities Trading Listing Manual

#### Material contracts

1. Disclosure is required of material contracts of the company and its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year. Where no material contract has been entered into, the following negative statement can be considered:

SGX 1207 (8)

“There are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the chief executive officer, any director or controlling shareholder, either still subsisting at the end of the year or entered into since the end of the previous financial year.”

#### Directors' remuneration

2. A listed entity should make disclosure as recommended in the Code of Corporate Governance. If not, it should disclose and explain any deviation from the recommendation.

SGX 1207 (12)

#### Auditors' fees

3. Disclosure must be made on the aggregate of the fees paid to the auditors, broken down into audit and non-audit services. If there are no audit or non-audit fees paid, an appropriate negative statement shall be made.

SGX 1207  
(6(a))

There may also be fees paid to the auditor of the company which are not included in determining the Group/Company's profit from operations, for example, those fees that are capitalised or charged immediately to equity. It is appropriate to include such fees for this disclosure note.

## Additional Disclosure Requirements

For the financial year ended 31 December 2021

### Guidance notes

#### Additional requirements of Singapore Exchange Securities Trading Listing Manual (continued)

4. A public company shall undertake a review of the fees, expenses and emoluments of its auditor to determine whether the independence of the auditor has been compromised under prescribed conditions, and the outcome of the review shall be sent to all persons entitled to receive notice of general meetings of the company. This outcome is normally communicated through the Directors' statement or the Corporate Governance Report.

SGX 1207  
(6(b))  
CA 206 (1A)

This review shall be undertaken if the total amount of the fees paid to the auditor for non-audit services in any financial year of the company exceeds 50% of the total amount of fees paid to the auditor in that financial year.

5. The Audit Committee shall also provide a confirmation in the annual report that it has undertaken a review of non-audit services provided by the auditor and they would not, in the Audit Committee's opinion, affect the independence of the auditor.

SGX 1207  
(6(b))

#### Internal controls

6. The Board, with the concurrence of the Audit Committee, shall provide an opinion on the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks.

SGX 1207  
(10)

### Shareholders' information as at 13 March 2022<sup>1</sup>

#### Preference shareholdings

SGX 1207  
(9(a))

Issued and Paid-Up Capital	: \$30,000,000
Class of Shares	: Preference shares
Voting Rights	: No voting rights

The preference shares are held entirely by PwC Corporate Limited, the immediate holding corporation of the Company.

SGX 1207  
(9(b))

## Additional Disclosure Requirements

For the financial year ended 31 December 2021

### Shareholders' information as at 13 March 2022<sup>1</sup> (continued)

#### Ordinary shareholdings

SGX.1207  
(9(a))

Issued and Paid-Up Capital	: \$49,509,000
Class of Shares	: Ordinary shares
Voting Rights	: One vote per share

SGX.1207  
(9(b))

No. of ordinary shares held	No. of shareholders	%	No. of Ordinary Shares	%
1 – 99	1,035	17.67	88,585	0.32
100 – 1,000	3,401	58.08	3,050,765	10.95
1,001 – 10,000	1,402	23.94	5,143,526	18.47
10,001 – 1,000,000	14	0.24	446,489	1.60
1,000,001 and above	4	0.07	19,120,635	68.66
	<u>5,856</u>	<u>100.00</u>	<u>27,850,000</u>	<u>100.00</u>

#### Substantial shareholders

SGX.1207  
(9(c))

As shown in the Register of Substantial Shareholders:

	Number of ordinary shares		
	Direct <u>Interests</u>	Deemed <u>Interests</u>	Beneficial <u>Interests</u>
PwC Corporate Limited	9,130,825	-	9,130,825
Mr David Grey	1,770,000	1,500,000	3,270,000
Mr Sandoz Wood	4,109,905	-	4,109,905
Sun Holdings (Pte) Ltd	<u>4,109,905</u>	<u>-</u>	<u>4,109,906</u>

Mr David Grey is deemed to have an interest in 1,500,000 ordinary shares in PwC Holdings Ltd via his holdings of 1,000,000 ordinary shares in PwC Global Limited, which in turn holds 10,000,000 ordinary shares in PwC Corporate Limited.



## Additional Disclosure Requirements

For the financial year ended 31 December 2021

### Shareholders' information as at 13 March 2022<sup>1</sup> (continued)

#### Twenty largest ordinary shareholders

SGX 1207  
(9(d))

As shown in the Register of Members and Depository Register:

	No. of ordinary shares	%
PwC Corporate Limited	9,130,825	32.79
Mr Sandoz Wood	4,109,905	14.76
Sun Holdings (Pte) Ltd	4,109,905	14.76
Mr David Grey	3,270,000	11.74
MacPherson Investments Pte Ltd	103,415	0.37
Mr Ang Boon Chew	97,000	0.35
Sembawang Private Ltd	36,075	0.13
Mr Soh Koh Hong	26,455	0.09
Sommerset Holdings Pte Ltd	26,455	0.09
Geylang Investments CoPte Ltd	24,050	0.09
Tanglin Halt (Pte) Ltd	21,645	0.08
Changi Holdings Pte Ltd	14,430	0.05
Ms Tham Lee Keng	14,430	0.05
Padang Consolidated Ltd	14,430	0.05
Whitley Investments Ltd	14,430	0.05
Cairnhill Co Pte Ltd	14,430	0.05
Bukit Timah Haulage Co Ltd	11,875	0.04
Bedok Nominees Ltd	12,025	0.04
Madam Ng Pin	9,620	0.03
Kranji Equity Ltd	9,620	0.03
	<b>21,071,020</b>	<b>75.66</b>

Based on the information available to the Company as at 13 March 2022, approximately 22.11% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

SGX 1207  
(9(e))

#### Treasury shares and subsidiary holdings

Number of treasury shares:	1,557,000	SGX 1207 (9(f))
Number of subsidiary holdings:	nil	SGX 1207 (9(g))
Percentage of treasury shares against the total number of issued ordinary shares:	5.6%	SGX 1207 (9(h))
Percentage of subsidiary holdings against the total number of issued ordinary shares:	0%	SGX 1207 (9(h))

Additional Disclosure Requirements

For the financial year ended 31 December 2021

Guidance notes

Shareholders' information

- 1. Shareholders' information shall be made up to a date not earlier than one month from the date of notice of the annual general meeting or summary financial statements, whichever is earlier.

Issuers with dual class share structures

- 2. Entities with dual class share structures must prominently include: (i) a statement on the cover page that the entity is a company with a dual class share structure; and (ii) the following details for each holder of multiple voting shares:

SGX 1207  
(9(i))

Name of shareholder	Number of multiple voting shares	Total voting rights of multiple voting shares	Number of ordinary voting shares	Total voting rights of ordinary voting shares	Total voting rights of both multiple voting shares and ordinary voting shares
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## Additional Illustrative Disclosures

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### Appendix 1 Areas not relevant to PwC Holdings Ltd Group

1. Alternative presentations for statement of comprehensive income
2. Provision for dismantlement, removal and restoration
3. Post-employment benefits – pension and medical benefits
4. Defaults and breaches of loans payable
5. Foreign currency convertible bonds – equity conversion option classified as derivative liability
6. Related party disclosures for government-related entities

### Appendix 2 COVID-19 Disclosures

### Appendix 3 Interest Rate Benchmark (IBOR) Reform Disclosures

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income**Scenario 1: One-statement presentation of statement of comprehensive income based on a classification of expenses by nature

	Note	2021 \$'000	2020 \$'000	SFRS(I) 1-1 (10(b),10A) SGX 1207 (5(a))
<b>Continuing operations</b>				
Revenue	4	245,646	198,898	SFRS(I) 1-1 (82(a))
Other income				
- Interest	7	2,357	2,144	SFRS(I) 1-1 (102)
- Others	7	5,227	3,623	SFRS(I) 1-1 (102)
Other gains and losses				
- Impairment loss on financial assets and contract assets		(850)	(266)	SFRS(I) 1-1 (82(ba))
- Others	8	(1,990)	(30)	
Expenses				
- Purchases of inventories and construction materials		(69,832)	(57,711)	SFRS(I) 1-1 (102)
- Amortisation and depreciation	5	(22,596)	(13,704)	SFRS(I) 1-1 (102)
- Impairment loss on goodwill	5	(500)	(1,081)	SFRS(I) 1-1 (102)
- Employee compensation	6	(44,827)	(42,903)	SFRS(I) 1-1 (102)
- Sub-contractors charges		(13,238)	(12,610)	
- Advertising		(11,938)	(9,304)	
- Rental expenses		(5,586)	(10,673)	
- Research		(785)	(645)	SFRS(I) 1-38 (126)
- Transportation		(5,245)	(4,713)	
- Reversal of inventory write-down		380	-	SFRS(I) 1-2 (36(e)), (36(f))
- Finance	9	(9,739)	(7,213)	SFRS(I) 1-1 (82(b))
- Other		(1,705)	(1,292)	
- Changes in inventories		(4,962)	8,217	
Total expenses		(190,573)	(153,632)	SFRS(I) 1-1 (102)
Share of profit of associates and joint venture	22,23	761	340	SFRS(I) 1-1 (82(c))
Profit before income tax		60,578	51,077	
Income tax expense	10(a)	(15,893)	(14,567)	SFRS(I) 1-1 (82(d))
<b>Profit from continuing operations</b>		<b>44,685</b>	<b>36,510</b>	
<b>Discontinued operations</b>				
Profit from discontinued operations	11	422	1,310	SFRS(I) 1-1 (82(ea))
<b>Total profit</b>		<b>45,107</b>	<b>37,820</b>	SFRS(I) 5 (33(a))

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income**  
(continued)Scenario 1: One-statement presentation of statement of comprehensive income based on a classification of expenses by nature (continued)

	Note	2021 \$'000	2020 \$'000	SFRS(I) 1-1 (10(b),10A) SGX 1207 (5(a))
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Financial assets, at FVOCI				SFRS(I) 1-1 (82A)
- Fair value gains/(losses) – debt instruments		571	(105)	
- Reclassification		(145)	-	
Cash flow hedges				
- Fair value gains/(losses)		173	(500)	
- Reclassification		625	523	
Share of other comprehensive income of associates	22	68	35	
Currency translation differences arising from consolidation				
- Gains		851	1,008	
- Reclassification		-	19	
		<u>2,143</u>	<u>980</u>	
Items that will not be reclassified subsequently to profit or loss:				
Revaluation gains on property, plant and equipment		540	457	
Financial assets, at FVOCI				
- Fair value gains/(losses) - equity investments		885	(1,085)	
<b>Other comprehensive income, net of tax</b>	10(c)	<u>3,568</u>	<u>352</u>	
<b>Total comprehensive income</b>		<u>48,675</u>	<u>38,172</u>	
<b>Profits attributable to:</b>				
Equity holders of the Company		41,483	34,416	SFRS(I) 1-1 (81B(a))
Non-controlling interests		3,624	3,404	
		<u>45,107</u>	<u>37,820</u>	

**Additional Illustrative Disclosures**

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income**  
(continued)Scenario 1: One-statement presentation of statement of comprehensive income based on a classification of expenses by nature (continued)

	Note	2021 \$'000	2020 \$'000	SFRS(I) 1-1 (10(b),10A) SGX 1207 (5(a))
<b>Profit attributable to equity holders of the Company relates to:</b>				SFRS(I) 5 (33(d))
Profit from continuing operations		41,124	33,302	
Profit from discontinued operations		359	1,114	
		<b>41,483</b>	<b>34,416</b>	
<b>Total comprehensive income attributable to:</b>				SFRS(I) 1-1 (81B(b))
Equity holders of the Company		44,684	34,355	
Non-controlling interests		3,991	3,817	
		<b>48,675</b>	<b>38,172</b>	
<b>Earnings per share ("EPS") for profit from continuing and discontinued operations attributable to equity holders of the Company (\$ per share)</b>				
<b>Basic EPS</b>				SFRS(I) 1-33 (66)
- From continuing operations	12(a)	1.53	1.38	
- From discontinued operations	12(a)	0.01	0.05	SFRS(I) 1-33 (68)
<b>Diluted EPS</b>				SFRS(I) 1-33 (66)
- From continuing operations	12(b)	1.41	1.25	
- From discontinued operations	12(b)	0.01	0.04	SFRS(I) 1-33 (68)

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income**  
(continued)Scenario 2: Two-statement presentation of statement of comprehensive income based on a classification of expenses by function**Consolidated income statement**

	Note	2021 \$'000	2020 \$'000	
<b>Continuing operations</b>				
Revenue	4	245,646	198,898	SFRS(I) 1-1 (82(a))
Cost of sales	5	(87,701)	(71,511)	SFRS(I) 1-1 (103)
Gross profit		157,945	127,387	SFRS(I) 1-1 (103)
Other income				SFRS(I) 1-1 (103)
- Interest	7	2,357	2,144	
- Others	7	5,227	3,623	
Other gains and losses				
- Impairment loss on financial assets and contract assets		(850)	(266)	
- Others	8	(1,990)	(30)	
Expenses				
- Distribution and marketing	5	(55,872)	(47,571)	SFRS(I) 1-1 (103)
- Administrative	5	(37,261)	(27,337)	SFRS(I) 1-1 (103)
- Finance	9	(9,739)	(7,213)	SFRS(I) 1-1 (82(b))
Share of profit of associates and joint venture	22,23	761	340	SFRS(I) 1-1 (82(c))
Profit before income tax		60,578	51,077	
Income tax expense	10(a)	(15,893)	(14,567)	SFRS(I) 1-1 (82(d))
<b>Profit from continuing operations</b>		<b>44,685</b>	<b>36,510</b>	
<b>Discontinued operations</b>				SFRS(I) 1-1 (82(ea))
Profit from discontinued operations	11	422	1,310	SFRS(I) 5 (33(a))
<b>Total profit</b>		<b>45,107</b>	<b>37,820</b>	

**Additional Illustrative Disclosures**

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income (continued)**Scenario 2: Two-statement presentation of statement of comprehensive income based on a classification of expenses by function (continued)**Consolidated income statement (continued)**

	Note	2021 \$'000	2020 \$'000	
<b>Attributable to:</b>				
Equity holders of the Company		<b>41,483</b>	34,416	SFRS(I) 1-1 (81B(a))
Non-controlling interests		<b>3,624</b>	3,404	
		<b>45,107</b>	<b>37,820</b>	
<b>Earnings per share ("EPS") for profit from continuing and discontinued operations attributable to equity holders of the Company (\$ per share)</b>				
<b>Basic EPS</b>				
- From continuing operations	12(a)	<b>1.53</b>	1.38	SFRS(I) 1-33 (66)
- From discontinued operations	12(a)	<b>0.01</b>	0.05	SFRS(I) 1-33 (68)
<b>Diluted EPS</b>				
- From continuing operations	12(b)	<b>1.41</b>	1.25	SFRS(I) 1-33 (66)
- From discontinued operations	12(b)	<b>0.01</b>	0.04	SFRS(I) 1-33 (68)



**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income**  
(continued)

Scenario 2: Two-statement presentation of statement of comprehensive income based on a classification of expenses by function (continued)

**Consolidated statement of comprehensive income**

	Note	2021 \$'000	2020 \$'000
<b>Profit for the year</b>		<b>45,107</b>	37,820
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			SFRS(I) 1-1 (82A)
Financial assets, at FVOCI			
- Fair value gains/(losses) – debt instruments		571	(105)
- Reclassification		(145)	-
Cash flow hedges			
- Fair value gains/(losses)		173	(500)
- Reclassification		625	523
Share of other comprehensive income of associates	22	68	35
Currency translation differences arising from consolidation			
- Gains		489	600
- Reclassification		-	19
		<b>1,781</b>	572
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property, plant and equipment		540	457
Financial assets, at FVOCI			
- Fair value gains/(losses) - equity investments		1,247	(677)
<b>Other comprehensive income, net of tax</b>	10(c)	<b>3,568</b>	352
<b>Total comprehensive income</b>		<b>48,675</b>	38,172

## Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

### Example 1: Alternative presentations for statement of comprehensive income (continued)

Scenario 2: Two-statement presentation of statement of comprehensive income  
based on a classification of expenses by function (continued)

#### Consolidated statement of comprehensive income (continued)

	Note	2021 \$'000	2020 \$'000	
<b>Total comprehensive income attributed to:</b>				
Equity holders of the Company		<b>44,684</b>	34,355	SFRS(I) 1-1 (81B(b))
Non-controlling interest		<b>3,991</b>	3,817	
		<b>48,675</b>	38,172	

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 1: Alternative presentations for statement of comprehensive income (continued)

##### Scenario 3: Two-statement presentation of the statement of comprehensive income based on a classification of expenses by nature

##### Consolidated income statement

	Note	2021 \$'000	2020 \$'000	
<b>Continuing operations</b>				
Revenue	4	245,646	198,898	SFRS(I) 1-1 (82(a))
Other income				SFRS(I) 1-1 (102)
- Interest	7	2,357	2,144	SFRS(I) 1-1 (102)
- Others	7	5,227	3,623	SFRS(I) 1-1 (102)
Other gains and losses				SFRS(I) 1-1 (82(ba))
- Impairment loss on financial assets and contract assets		(850)	(266)	
- Others	8	(1,990)	(30)	
Expenses				
- Purchases of inventories		(69,832)	(57,711)	SFRS(I) 1-1 (102)
- Amortisation and depreciation	5	(22,596)	(13,704)	SFRS(I) 1-1 (102)
- Impairment loss on goodwill	5	(500)	(1,081)	SFRS(I) 1-1 (102)
- Employee compensation	6	(44,827)	(42,903)	SFRS(I) 1-1 (102)
- Sub-contractors charges		(13,238)	(12,610)	
- Advertising		(11,938)	(9,304)	
- Rental expenses		(5,586)	(10,673)	
- Research		(785)	(645)	SFRS(I) 1-38 (126)
- Transportation		(5,245)	(4,713)	
- Reversal of inventory write-down		380	-	SFRS(I) 1-2 (36(e)), (36(f))
- Finance	9	(9,739)	(7,213)	SFRS(I) 1-1 (82(b))
- Other		(1,705)	(1,292)	
Changes in inventories		(4,962)	8,217	
Total expenses		(190,573)	(153,632)	SFRS(I) 1-1 (102)
Share of profit of associates and joint ventures	22,23	761	340	SFRS(I) 1-1 (82(c))
Profit before income tax		60,578	51,077	
Income tax expense	10(a)	(15,893)	(14,567)	SFRS(I) 1-1 (82(d))
<b>Profit from continuing operations</b>		<b>44,685</b>	<b>36,510</b>	
<b>Discontinued operations</b>				SFRS(I) 1-1 (82(ea))
Profit from discontinued operations	11	422	1,310	SFRS(I) 5 (33(a))
<b>Total profit</b>		<b>45,107</b>	<b>37,820</b>	

## Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

### Example 1: Alternative presentations for statement of comprehensive income (continued)

Scenario 3: Two-statement presentation of the statement of comprehensive income based on a classification of expenses by nature (continued)

#### Consolidated income statement (continued)

	Note	2021 \$'000	2020 \$'000	
<b>Attributable to</b>				
Equity holders of the Company		<b>41,483</b>	34,416	SFRS(I) 1-1
Non-controlling interests		<b>3,624</b>	3,404	(81B(a))
		<b>45,107</b>	<b>37,820</b>	
<b>Earnings per share ("EPS") for profit from continuing and discontinued operations attributable to equity holders of the Company (\$ per share)</b>				
<b>Basic EPS</b>				
- From continuing operations	12(a)	<b>1.53</b>	1.38	SFRS(I) 1-33 (66)
- From discontinued operations	12(a)	<b>0.01</b>	0.05	SFRS(I) 1-33 (68)
<b>Diluted EPS</b>				
- From continuing operations	12(b)	<b>1.41</b>	1.25	SFRS(I) 1-33 (66)
- From discontinued operations	12(b)	<b>0.01</b>	0.04	SFRS(I) 1-33 (68)

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 1: Alternative presentations for statement of comprehensive income (continued)**

Scenario 3: Two-statement presentation of the statement of comprehensive income based on a classification of expenses by nature (continued)

**Consolidated statement of comprehensive income**

	Note	2021 \$'000	2020 \$'000
<b>Profit for the year</b>		<b>45,107</b>	<b>37,820</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			SFRS(I) 1-1 (82A)
Financial assets, at FVOCI			
- Fair value gains/(losses) – debt instruments		571	(105)
- Reclassification		(145)	-
Cash flow hedges			
- Fair value gains/(losses)		173	(500)
- Reclassification		625	523
Share of other comprehensive income of associates	22	68	35
Currency translation differences arising from consolidation			
- Gains		489	600
- Reclassification		-	19
		<b>1,781</b>	<b>572</b>
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property, plant and equipment		540	457
Financial assets, at FVOCI			
- Fair value gains/(losses) - equity investments		1,247	(677)
<b>Other comprehensive income, net of tax</b>	10(c)	<b>3,568</b>	<b>352</b>
<b>Total comprehensive income</b>		<b>48,675</b>	<b>38,172</b>

## Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

### Example 1: Alternative presentations for statement of comprehensive income (continued)

Scenario 3: Two-statement presentation of the statement of comprehensive income based on a classification of expenses by nature (continued)

#### Consolidated statement of comprehensive income (continued)

	Note	2021 \$'000	2020 \$'000	
<b>Total comprehensive income attributed to:</b>				
Equity holders of the Company		<b>44,684</b>	34,355	SFRS(I) 1-1 (81B(b))
Non-controlling interests		<b>3,991</b>	3,817	
		<b>48,675</b>	38,172	

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 2: Provision for dismantlement, removal and restoration

Extracts of significant accounting policies:

##### Property, plant and equipment<sup>1</sup>

Measurement

Components of costs

“... The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.”

SFRS(I) 1-16  
(16(c))

##### Provisions

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

SFRS(I) 1-37  
(14)

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

SFRS(I) 1-37  
(36), (45)

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

SFRS(I) Int 1  
(5)

Extracts of notes to the financial statements:

##### Dismantlement, removal or restoration of property, plant and equipment

The Group uses various chemicals in the manufacture of component parts. A provision is recognised for the present value of costs to be incurred for the restoration of the manufacturing sites. It is expected that \$[ ] will be used during 2021 and \$[ ] during 2022.

SFRS(I) 1-37  
(85(a))

Total expected costs to be incurred are \$[ ] (2020: \$[ ]).

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 2: Provision for dismantlement, removal and restoration (continued)

Movement in this provision is as follows:

	Group		Company		
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	
Beginning of financial year	[ ]	[ ]	[ ]	[ ]	SFRS(I) 1-37 (84(a))
Provision made	[ ]	[ ]	[ ]	[ ]	SFRS(I) 1-37 (84(b))
Provision utilised	[ ]	[ ]	[ ]	[ ]	SFRS(I) 1-37 (84(c))
Amortisation of discount	[ ]	[ ]	[ ]	[ ]	SFRS(I) 1-37 (84(e))
End of financial year	[ ]	[ ]	[ ]	[ ]	SFRS(I) 1-37 (84(a))

#### Guidance notes

##### Costs of dismantlement, removal or restoration costs in respect of right-of-use assets

- The cost of the right-of-use assets includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Accordingly, such costs should be included in the carrying amount of the ROU assets and this set of accounting policies should be disclosed under Note 2.17 if the leased asset is separately presented on the balance sheet as right-of-use assets.

SFRS(I) 16 (24(d))



## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 3: Post-employment benefits – pension and medical benefits

Extracts of significant accounting policies:

##### Employee compensation

###### (a) Pension benefits

The Group operates both defined benefit and defined contribution post-employment benefit 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 on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

The Group's contributions are recognised as employee compensation expense when they are due.

SFRS(I) 1-19  
(8)

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

SFRS(I) 1-19  
(8)

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

SFRS(I) 1-19  
(57)  
SFRS(I) 1-19  
(67)  
SFRS(I) 1-19  
(83)

Actuarial gains and losses<sup>1</sup> arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period<sup>2</sup>. Past service costs are recognised immediately in profit or loss.

SFRS(I) 1-19  
(120(e)), (122),  
(127), (128)

Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

Example 3: Post-employment benefits – pension and medical benefits  
(continued)

(a) Pension benefits (continued)

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses<sup>1</sup> arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. These obligations are valued annually by independent qualified actuaries.

SFRS(I) 1-19  
(72)  
SFRS(I) 1-19  
(120(c))

Guidance notes

Post-employment benefits

1. When an entity has more than one defined benefit plan, disclosures may be made in total, separately for each plan, or in such groupings considered to be more useful. It may be useful to distinguish groupings by criteria such as follows:
- (a) the geographical location of the plans, e.g. by distinguishing domestic plans from foreign plans; or
  - (b) the characteristics of the plans, e.g. by distinguishing flat salary pension plans from final salary pension plans and from post-employment medical plans.

SFRS(I) 1-19  
(138)

When an entity provides disclosures in total for a grouping of plans, such disclosures are provided in the form of weighted averages or of relatively narrow ranges.

SFRS(I) 1-19  
(144)

2. The entity may however elect to transfer remeasurements gains or losses arising from experience adjustments recognised in other comprehensive income within equity.

SFRS(I) 1-19  
(122)

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

## (a) Pension benefits (continued)

Extracts of notes to the financial statements:

	Group 2021 \$'000	2020 \$'000
Obligations recognised in the balance sheet for:		
Defined pension benefits	3,684	1,900
Post-employment medical benefits	1,410	701
	<b>5,094</b>	<b>2,601</b>
Expenses charged to profit or loss:		
Defined pension benefits	948	561
Post-employment medical benefits	184	119
	<b>1,132</b>	<b>680</b>
Remeasurements recognised in other comprehensive income for:		
Defined pension benefits	(84)	717
Post-employment medical benefits	(35)	193

	Group 2021 \$'000	2020 \$'000
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The amount recognised in the balance sheet relates to funded and unfunded plans as follows:

SFRS(I) 1-19  
(138(e))

Present value of funded obligations	6,155	2,943
Fair value of plan assets	(5,211)	(2,797)
Deficit of funded plans	944	146
Present value of unfunded obligations	2,426	1,549
Total deficit of defined benefit pension plans	3,370	1,695
Impact of minimum funding requirement/asset ceiling	314	205
Liability recognised in the balance sheet	<b>3,684</b>	<b>1,900</b>

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

## (a) Pension benefits (continued)

The movement in the defined benefit obligation is as follows:

Group	Present value of obligation \$'000	Fair value of plan assets \$'000	Total \$'000	Impact of minimum funding requirement/ asset ceiling \$'000	Total \$'000	
At 1 January 2020	3,155	(2,242)	913	120	1,033	
Current service cost	498	-	498	-	498	SFRS(I) 1-19 (141(a))
Interest expense/(income)	214	(156)	58	5	63	SFRS(I) 1-19 (141(b))
	<b>712</b>	<b>(156)</b>	<b>556</b>	<b>5</b>	<b>561</b>	
Remeasurements:						
- Return on plan assets, excluding amounts included in interest income	-	(85)	(85)	-	(85)	SFRS(I) 1-19 (141(c))
- Loss from change in demographic assumptions	20	-	20	-	20	
- Loss from change in financial assumptions	61	-	61	-	61	
- Experience losses	641	-	641	-	641	
- Change in asset ceiling excluding amounts included in interest expense	-	-	-	80	80	
	<b>722</b>	<b>(85)</b>	<b>637</b>	<b>80</b>	<b>717</b>	
Exchange differences	-	-	-	-	-	SFRS(I) 1-19 (141(e))
Contributions:						SFRS(I) 1-19 (141(f))
- Employers	-	(411)	(411)	-	(411)	
- Plan participants	30	(30)	-	-	-	
Payment from plans:						SFRS(I) 1-19 (141(g))
- Benefits payments	(127)	127	-	-	-	
<b>At 31 December 2020</b>	<b>4,492</b>	<b>(2,797)</b>	<b>1,695</b>	<b>205</b>	<b>1,900</b>	

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

## (a) Pension benefits (continued)

Group	Present value of obligation \$'000	Fair value of plan assets \$'000	Total \$'000	Impact of minimum funding requirement/ asset ceiling \$'000	Total \$'000	
At 1 January 2021	4,492	(2,797)	1,695	205	1,900	
Current service cost	751	-	751	-	751	SFRS(I) 1-19 (141(a))
Interest expense/(income)	431	(308)	123	9	132	SFRS(I) 1-19 (141(b))
Past service cost and gains and losses on settlements	65	-	65	-	65	SFRS(I) 1-19 (141(d))
	<b>1,247</b>	<b>(308)</b>	<b>939</b>	<b>9</b>	<b>948</b>	
Remeasurements:						
- Return on plan assets, excluding amounts included in interest income	-	(187)	(187)	-	(187)	SFRS(I) 1-19 (141(c))
- Loss from change in demographic assumptions	32	-	32	-	32	
- Loss from change in financial assumptions	121	-	121	-	121	
- Experience losses	(150)	-	(150)	-	(150)	
- Change in asset ceiling excluding amounts included in interest expense	-	-	-	100	100	
	<b>3</b>	<b>(187)</b>	<b>(184)</b>	<b>100</b>	<b>(84)</b>	
Exchange differences	(61)	(25)	(86)	-	(86)	SFRS(I) 1-19 (141(e))
Contributions:						
- Employers	-	(908)	(908)	-	(908)	SFRS(I) 1-19 (141(f))
- Plan participants	55	(55)	-	-	-	
Payment from plans:						
- Benefits payments	(556)	556	-	-	-	SFRS(I) 1-19 (141(g))
- Settlements	(280)	280	-	-	-	
Acquired in a business combination	3,691	(1,777)	1,914	-	1,914	SFRS(I) 1-19 (141(h))
<b>At 31 December 2021</b>	<b>8,591</b>	<b>(5,221)</b>	<b>3,370</b>	<b>314</b>	<b>3,684</b>	

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 3: Post-employment benefits – pension and medical benefits (continued)

##### (a) Pension benefits (continued)

One of the plans has a surplus that is not recognised on the basis that future economic benefits are not available to the entity in the form of a reduction in future contributions or a cash refund.

SFRS(I)  
1-19 (141)

In connection with the closure of a factory, a curtailment loss was incurred and a settlement arrangement agreed with the plan trustees, effective 31 December 2021, which settled all retirement benefit plan obligations relating to the employees of that factory.

SFRS(I)  
1-19 (139(c))

##### Group

SFRS(I) 1-19  
(138(a))

	2021				2020			
	UK \$'000	US \$'000	Others \$'000	Total \$'000	UK \$'000	US \$'000	Others \$'000	Total \$'000
Present value of obligation	3,843	4,215	523	8,581	2,962	1,050	480	4,492
Fair value of plan assets	(2,674)	(2,102)	(435)	(5,211)	(2,018)	(394)	(385)	(2,797)
	1,169	2,113	88	3,370	944	656	95	1,695
Impact of minimum funding requirement/asset ceiling	-	-	314	314	-	-	205	205
<b>Total</b>	<b>1,169</b>	<b>2,113</b>	<b>402</b>	<b>3,684</b>	<b>944</b>	<b>656</b>	<b>300</b>	<b>1,900</b>

The significant actuarial assumptions used were as follows:

SFRS(I)  
1-19 (144)

Group	2021		2020	
	UK	US	UK	US
Discount rate	5.1%	5.2%	5.5%	5.6%
Salary growth rate	4.0%	4.5%	4.5%	4.0%
Pension growth rate	3.0%	2.8%	3.1%	2.7%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 3: Post-employment benefits – pension and medical benefits (continued)

##### (a) Pension benefits (continued)

Group	2021		2020	
	UK	US	UK	US
Retiring at the end of the reporting period				
- Male	22	20	22	20
- Female	25	24	25	24
Retiring 20 years after the end of the reporting period				
- Male	24	23	24	23
- Female	27	26	27	26

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

SFRS(I)  
1-19 (145(a))

Group	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 8.2%	Increase by 9.0%
Salary growth rate	0.50%	Increase by 1.8%	Decrease by 1.7%
Pension growth rate	0.50%	Increase by 4.7%	Decrease by 4.4%
	<b>Increase by 1 year in assumption</b>	<b>Decrease by 1 year in assumption</b>	
Life expectancy	Increase by 2.8%	Decrease by 2.9%	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the statement of financial position.

SFRS(I) 1-19  
(145(b))

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

SFRS(I) 1-19  
(145(c))

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 3: Post-employment benefits – pension and medical benefits (continued)

##### (b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, principally in the US. The majority of these plans are unfunded. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs of 8.0% a year (2020: 7.6%) and claim rates of 6% (2020: 5.2%).

SFRS(I) 1-19  
(139(a))  
SFRS(I) 1-19  
(144)

The amount recognised in the balance sheet relates to funded and unfunded plan is as follows:

SFRS(I) 1-19  
(138(e))

	2021 \$'000	2020 \$'000
<u>Group</u>		
Present value of funded obligations	705	340
Fair value of plan assets	(620)	(294)
Deficit of the funded plans	85	46
Present value of unfunded obligations	1,325	655
Liability recognised in the balance sheet	1,410	701



**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

## (b) Post-employment medical benefits (continued)

The movement in the net defined benefit obligation over the year is as follows:

SFRS(I) 1-19  
(140(a)), (141)

<u>Group</u>	<b>Present value of obligation \$'000</b>	<b>Fair value of plan assets \$'000</b>	<b>Total \$'000</b>	
<b>At 1 January 2020</b>	<b>708</b>	<b>(207)</b>	<b>501</b>	
Current service cost	107	–	107	SFRS(I) 1-19 (141(a))
Interest expense/(income)	25	(13)	12	SFRS(I) 1-19 (141(b))
	<b>132</b>	<b>(13)</b>	<b>119</b>	
Remeasurements:				
-Return on plan assets, excluding amounts included in interest income	–	(11)	(11)	SFRS(I) 1-19 (141(c))
-Loss from change in demographic assumptions	3	–	3	
-Loss from change in financial assumptions	7	–	7	
-Experience losses	194	–	194	
	<b>204</b>	<b>(11)</b>	<b>193</b>	
Exchange differences	(31)	2	(29)	SFRS(I) 1-19 (141(e))
Contributions:				SFRS(I) 1-19 (141(f))
- Employers	(10)	(73)	(83)	
Payments from plans:				SFRS(I) 1-19 (141(g))
- Benefit payments	(8)	8	–	
<b>At 31 December 2020</b>	<b>995</b>	<b>(294)</b>	<b>701</b>	

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

## (b) Post-employment medical benefits (continued)

<u>Group</u>	<b>Present value of obligation \$'000</b>	<b>Fair value of plan assets \$'000</b>	<b>Total \$'000</b>	
<b>At 1 January 2021</b>	<b>995</b>	<b>(294)</b>	<b>701</b>	
Current service cost	153	–	153	SFRS(I) 1- 19 (141(a))
Interest expense/(income)	49	(18)	31	SFRS(I) 1- 19 (141(b))
	<b>202</b>	<b>(18)</b>	<b>184</b>	
Remeasurements:				SFRS(I) 1- 19 (141(c))
-Return on plan assets, excluding amounts included in interest income	–	(33)	(33)	
-Loss from change in demographic assumptions	4	–	4	
-Loss from change in financial assumptions	10	–	10	
-Experience gains	(16)	–	(16)	
	<b>(2)</b>	<b>(33)</b>	<b>(35)</b>	
Exchange differences	37	(5)	32	SFRS(I) 1- 19 (141(e))
Contributions:				SFRS(I) 1- 19 (141(f))
- Employers	(12)	(185)	(197)	
Payments from plans:				SFRS(I) 1- 19 (141(g))
- Benefit payments	(7)	7	–	
Acquired in a business combination	802	(77)	725	SFRS(I) 1- 19 (141(h))
<b>At 31 December 2021</b>	<b>2,015</b>	<b>(605)</b>	<b>1,410</b>	

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

## (c) Post-employment benefits (pension and medical)

SFRS(I)  
1-19 (142)

Plan assets are comprised as follows:

Group	2021 Quoted \$'000	2021 Un- quoted \$'000	2021 Total \$'000	2021 In %	2020 Quoted \$'000	2020 Un- quoted \$'000	2020 Total \$'000	2020 In %
Equity instruments			<b>1,824</b>	<b>31%</b>			1,216	51%
Information technology	502	–	502		994	–	994	
Energy	557	–	557		–	–	–	
Manufacturing	746	–	746		194	–	194	
Other	–	19	19		–	28	28	
Debt instruments			<b>2,186</b>	<b>37%</b>			571	24%
Government	941	–	941		321	–	321	
Corporate bonds (Investment grade)	900	–	900		99	–	99	
Corporate bonds (Non-investment grade)	68	277	345		41	110	151	
Property			<b>1,047</b>	<b>18%</b>			246	10%
In US	–	800	800		–	–	–	
In UK	–	247	247		–	246	246	
Qualifying insurance policies	–	496	<b>496</b>	<b>9%</b>	–	190	190	8%
Cash and cash equivalents	177	–	<b>177</b>	<b>3%</b>	94	–	94	4%
Investment funds	111	–	<b>111</b>	<b>2%</b>	77	–	77	3%
<b>Total</b>	<b>4,002</b>	<b>1,839</b>	<b>5,841</b>	<b>100%</b>	<b>1,820</b>	<b>574</b>	<b>2,394</b>	<b>100%</b>

Pension and medical plan assets include the Company's ordinary shares with a fair value of \$136,000 (2020: \$126,000) and US real estate occupied by the Group with a fair value of \$612,000 (2020: \$609,000).

SFRS(I)  
1-19 (143)

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 3: Post-employment benefits – pension and medical benefits (continued)

##### Risk exposure

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	<p>The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. Both the UK and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.</p> <p>As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The first stage of this process was completed in FY2017 with the sale of a number of equity holdings and purchase of a mixture of government and corporate bonds. The government bonds represent investments in UK and US government securities only. The corporate bonds are global securities with an emphasis on the UK and US.</p> <p>However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently. See below for more details on the Group's asset-liability matching strategy.</p>
Changes in bond yields	<p>A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.</p>
Inflation risk	<p>The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.</p> <p>In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.</p>
Life expectancy	<p>The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.</p>

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 3: Post-employment benefits – pension and medical benefits (continued)

In case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

SFRS(I) 1-19  
(146)

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in FY2021 consists of equities and bonds, although the Group also invests in property, bonds, cash and investment (hedge) funds. The Group believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a globally diversified portfolio of international blue chip entities, with a target of 60% of equities held in the UK and Europe, 30% in the US and the remainder in emerging markets.

SFRS(I) 1-19  
(147(a))

The Group has agreed that it will aim to eliminate the pension plan deficit over the next nine years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 14% of pensionable salaries in the UK and 12% in the US. The next triennial valuation is due to be completed as at 31 December 2021. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

SFRS(I) 1-19  
(147(b))

Expected contributions to post-employment benefit plans for the year ending 31 December 2021 are \$1,150,000.

SFRS(I) 1-19  
(147(b))

The weighted average duration of the defined benefit obligation is 25.2 years.

SFRS(I) 1-19  
(147(c))

**Additional Illustrative Disclosures**

## Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

**Example 3: Post-employment benefits – pension and medical benefits**  
(continued)

Expected maturity analysis of undiscounted pension and post-employment medical benefits:

Group

<b>At 31 December 2021</b>	<b>Less than 1 year \$'000</b>	<b>Between 1-2 years \$'000</b>	<b>Between 2-5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Total \$'000</b>
Pension benefits	628	927	2,004	21,947	25,506
Post-employment medical benefits	127	174	714	4,975	5,990
<b>Total as at 31 December 2021</b>	<b>755</b>	<b>1,101</b>	<b>2,718</b>	<b>26,922</b>	<b>31,496</b>

## Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

### Example 4: Defaults and breaches of loans payable

The following illustrative disclosures for defaults and breaches of loans payable is before applying the upcoming amendments to SFRS(I) 1-1 for the classification of liabilities as current or non-current. For details on the amendments, please refer to guidance note 5 to Note 31 Borrowings of the main body of this publication.

#### Defaults of loan payments

Extracts of notes to the financial statements on borrowings:

##### Scenario 1:

##### Defaults of loan payments – classification of loan as “current” at reporting date

SFRS(I) 7 (18)

The Company has experienced a temporary shortage of funding because cash outflows in the second quarter for business expansion in [countries] were higher than anticipated. As a result, interest payables of \$[ ] on the Company's loan with Bank A due by [date] remained unpaid as at 31 December 2021. The carrying amount of the loan payable in default as at 31 December 2021 is \$[ ].

SFRS(I) 7  
(18(a), (b))

In January 2022, the Company obtained a new loan with Bank B having a maturity of three years to settle its existing debt with Bank A. The loan with Bank A was settled on 27 January 2022.

SFRS(I) 7  
(18(c))  
SFRS(I) 1-1  
(73), (76)

The loan with Bank A is presented as current liability as at 31 December 2021.

##### Scenario 2:

##### Defaults of loan payments – classification of loan as “non-current” at reporting date

The Company has bank borrowings with a carrying amount of \$[ ] which are due in 2023. Interest payments of \$[ ] on these borrowings was overdue as at 30 September 2021. The Company experienced a temporary shortage of funding because cash outflows in the second and third quarters for business expansion in [countries] were higher than anticipated. As a result, interest payables of \$[ ] due by [date] remained unpaid and the Bank served the Company a default notice on 1 November 2021.

SFRS(I) 1-1  
(73)  
SFRS(I) 7  
(18(a), (b))  
SFRS(I) 7  
(18)

The Company has paid all overdue amounts (including additional interest and penalties for the late payment) before 31 December 2021 and the Bank has agreed that the remaining borrowings continue to be due in 2023.

SFRS(I) 1-1  
(73), (74)  
SFRS(I) 7  
(18(c))

Management expects that the Company will be able to meet all contractual obligations from borrowings on a timely basis going forward.

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 4: Defaults and breaches of loans payable (continued)

##### Breaches of loan covenants

Extracts of notes to the financial statements on borrowings:

##### Scenario 1:

##### Breaches of loan covenants – classification of loan as “current” at reporting date

SFRS(I) 7 (19)

Some of the Company’s loan agreements (classified as non-current during the year) are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfil the debt/equity ratio as required in the contract for a credit line of \$[ ], of which the Company has currently drawn an amount of \$[ ].

SFRS(I) 1-1  
(73), (74),  
(135(e))

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of \$[ ]. Accordingly, the outstanding balance is presented as a current liability as at 31 December 2021. The bank had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management is in the process of renegotiating the terms of the loan agreement with the bank and expects that a revised loan agreement will be in place in the second quarter of 2022.

##### Scenario 2:

##### Breaches of loan covenants – classification of loan as “non-current” at reporting date<sup>1</sup>

SFRS(I) 7 (19)

Some of the Company’s loan agreements are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfil the debt/equity ratio as required in the contract for a credit line of \$[ ], of which the Company has currently drawn an amount of \$[ ].

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of \$[ ].

However, prior to the end of the financial year, the bank has agreed to a 12-month period of grace ending on 31 December 2022.

SFRS(I) 1-1  
(75), (135(e))

The outstanding balance is presented as a non-current liability as at 31 December 2021.

#### Guidance notes

##### Non-current classification

If the breach occurs after the end of the reporting period, then the liability would still be shown as non-current, unless the breach was so serious that the financial statements could not be presented on a going concern basis.



## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 5: Foreign currency convertible bonds – equity conversion option classified as derivative liability

Extracts of significant accounting policies:

#### Foreign currency convertible bonds

On issuance of the foreign currency convertible bonds, the proceeds are allocated between the embedded equity conversion option and the liability component. The embedded option is recognised at its fair value. The liability component is recognised as the difference between total proceeds and the fair value of the equity conversion option.

SFRS(I) 9  
(4.3.3)

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in profit or loss. The foreign currency-denominated liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Extracts of notes to the financial statements:

#### Other gains and losses

	<u>Group</u>	
	2021	2020
	\$'000	\$'000
Fair value gains on equity conversion option in convertible bonds	<b>4,083</b>	-

SFRS(I) 7  
(20(a)(v))

#### Finance expenses

	<u>Group</u>	
	2021	2020
	\$'000	\$'000
Interest expense: Convertible bonds	<b>16,966</b>	-

SFRS(I) 7  
(20(b))

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 5: Foreign currency convertible bonds – equity conversion option classified as derivative liability (continued)

Extracts of notes to the financial statements on borrowings:

On 1 October 2021, the Group issued zero coupon convertible bonds at a nominal value of US\$500 million (equivalent to \$700 million) due on 4 October 2024. The bonds may be redeemed on 4 October 2023 at their nominal value or can be converted into shares of the Company (the “conversion option”) at the holder’s option at a conversion price of US\$2.20 per share at any time on and after 14 November 2021 up to the close of business on 24 September 2024 if not called for redemption.

On full conversion, up to 320,000,000 conversion shares are issued and allotted to the holders of the bonds, if the full carrying amount of bonds is converted into shares instead of being redeemed.

The convertible bonds recognised in the balance sheet are analysed as follows:

<b><u>Group</u></b>	<b>2021</b>
	<b>\$'000</b>
Face value of convertible bonds issued, net of transaction costs	700,000
Embedded equity conversion option	(4,083)
Liability component at initial recognition	695,917
	<b>\$'000</b>
Accumulated amortisation of interest expense	16,966
Currency translation differences	(5,898)
Liability component at end of financial year	706,985

The fair value of the liability component of the convertible bonds at 31 December 2021 is \$707,545,000. The fair value is calculated using cash flows discounted at a borrowing rate of 6.48%.

SFRS(I) 7 (25)  
SFRS(I) 13  
(93(d))

## Additional Illustrative Disclosures

### Appendix 1 – Areas not relevant to PwC Holdings Ltd Group

#### Example 6: Related party disclosures for government-related entities

Extracts of notes to the financial statements on related party transactions:

Government S, indirectly, owns 75% of the Company's outstanding shares. In addition to the related party information and transactions disclosed elsewhere in the financial statements, the Company's significant transactions with Government S and other entities controlled, jointly controlled or significantly influenced by Government S include the purchase of approximately 90% of the Company's/Group's power supply from [.....], a government controlled entity.

SFRS(I) 1-24  
(26)

In addition, during the year ended 31 December 2021, Government S sold a piece of land to the Company for a total consideration of \$400,000, settled partly in cash and partly on credit terms.

A loan of \$[ ] from Government S is repayable in quarterly instalments over the next two years. Interest is charged on the loan at a rate of [ ]%, which is comparable to that charged on the Company's bank loans.

#### Guidance notes

##### Related party disclosures for government-related entities

1. The disclosure is relevant for transactions among government-related entities and the Government. Specifically, a reporting entity is exempt from the general disclosure requirements of SFRS(I) 1-24 in relation to related party transactions and outstanding balances (including commitments) with the government and other government-related entities. However, where a reporting entity is exempt from the general disclosure requirements above, the revised SFRS(I) 1-24 requires the reporting entity to disclose the following information about the transactions and related outstanding balances:

SFRS(I) 1-24  
(25), (26)

- the name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence);
- the following information in sufficient detail about:
  - the nature and amount of each individually significant transaction; and
  - for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### Background

More than a year since the first case of the Coronavirus Disease 2019 (“COVID-19”) was reported, the pandemic is still significantly impacting entities, disrupting their operations, financial, risk management and internal control systems.

At the time of this publication, the COVID-19 pandemic continues to evolve and develop. Many entities have undertaken a range of operational and financial adjustments in response to the effects of the pandemic. The Singapore Government has also introduced a variety of measures to help businesses during this period.

Given these uncertainties, entities should continue to consider the impact of the COVID-19 pandemic on the measurement of assets and liabilities, the recognition of gains and losses, and the potential impact on going concern, amongst other key considerations. Entities may need to make assumptions and judgements in preparing the financial statements.

Adequate and transparent disclosures on the key assumptions and judgements undertaken are imperative, as it enables users of financial statements to assess the sensitivity of the entity’s financial position and performance over a range of possible outcomes.

In 2020, the Accounting and Corporate Regulatory Authority (ACRA) issued a Financial Reporting Practice Guidance No. 1 of 2020 on Proposed Areas of Review Focus by Directors on the Financial Statements Affected by the COVID-19 Pandemic (available at [link](#)). This guidance highlights key areas that directors should pay close attention to when reviewing upcoming financial statements. Separately, Singapore Exchange (“SGX”) also published its expectations of listed issuers’ disclosures related to the COVID-19 pandemic (available at [link](#)). These considerations remain relevant in 2021.

Entities should take care to ensure that disclosures required by the accounting standards are not omitted from the financial statements. Disclosures incorporated by cross-reference, unless specifically permitted under SFRS(I)s, are not sufficient to meet the disclosure requirements under SFRS(I)s. New or revised disclosures are highlighted with shading.



#### Disclosures not illustrated

We have included several illustrative disclosures on key areas that are likely to be impacted due to the COVID-19 pandemic. **These illustrative disclosures below are not an exhaustive list of how an entity could be impacted by the COVID-19 pandemic and should be tailored to each entity’s specific facts and circumstances.**

For further guidance, please refer to PwC In-Depth ‘Accounting implications of the effects of coronavirus’ at [link](#).

PwC Singapore’s dedicated website, **[A Resilient Tomorrow: COVID-19 Recovery and Transformation](#)** provides additional guidance and publications relating to the COVID-19 pandemic.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (1) Disruption in operations: Impact of COVID-19

Entities should provide disclosures to allow its users of the financial statements to understand the current and expected impact of COVID-19 to its business which would include:

- |      |  |                                |
|------|--|--------------------------------|
| i.   | any critical assumptions or major sources of estimation uncertainty that relate to estimates that require management's most difficult, subjective or complex judgements;   | SFRS(I) 1-1<br>(125, 126, 127) |
| ii.  | material non-adjusting events after the reporting period, for which non-disclosure could reasonably be expected to influence decisions made by the primary users of the financial statements; and                        | SFRS(I) 1-10<br>(21)           |
| iii. | any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern as at the date the financial statements are authorised for issuance. | SFRS(I) 1-10<br>(16(b))        |

Entities which are adversely impacted by the COVID-19 pandemic need to consider whether there is material uncertainty about the entity's ability to continue as a going concern and whether the going concern assumption remains appropriate as at the date of issuance of the financial statements.

Financial statements should not be prepared on a going concern basis where events, including those which occur after the reporting date, indicate that the going concern assumption is no longer appropriate. This guidance applies even if those events would otherwise be non-adjusting subsequent events. Entities should therefore consider whether developments subsequent to the reporting date have any implications for the going concern assumption.

SFRS(I) 1-10  
(14)

If management concludes that the going concern basis is appropriate, but is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the financial statements disclosures should include:

SFRS(I) 1-1  
(25)

- those uncertainties;
- management's plans to deal with these events or conditions; and
- disclosure that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it might be unable to realise its assets and discharge its liabilities in the normal course of business.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (1) Disruption in operations: Impact of COVID-19 (continued)

##### Example 1(a): Impact of COVID-19 (where there is no material uncertainty about the entity's ability to continue as a going concern)

Extracts of notes to the financial statements:

#### Note [ ] Impact of COVID-19

The COVID-19 pandemic has affected almost all countries in the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, People's Republic of China and the Philippines, all of which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2021:

SFRS(I) 1-1  
(125)

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2021, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and volume in 2021, resulting in a negative impact on the Group's financial performance for 2021.
- iii. In 2021, the Group has received rental rebates for its leased retail stores and also provided rental concessions to tenants in its commercial buildings. The effects of such rental concessions received/provided are disclosed in Notes [ ] and [ ] respectively.
- iv. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2021. The significant estimates and judgement applied on impairment of trade receivables, impairment of goodwill and provisions for onerous contracts are disclosed in Notes [ ], [ ] and [ ] respectively.

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

SFRS(I) 1-10  
(21)

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### Guidance notes

1. The illustrative disclosures above are not an exhaustive list of how an entity could be impacted by the COVID-19 pandemic and should be tailored based on facts and circumstances of the entity as they should be specific to an entity's particular circumstance.

#### (1) Disruption in operations: Impact of COVID-19 (continued)

**Example 1(b): Material uncertainty about the entity's ability to continue as a going concern (which is specifically impacted by COVID-19 and not other factors) and going concern assumption remains appropriate**

Extracts of notes to the financial statements:

#### Note [ ] Basis of preparation

The COVID-19 pandemic has persisted in 2021. The resulting impact of the pandemic on the operations and measures such as movement control and safe-distancing measures taken by various governments to contain the pandemic have continued to negatively affect the Group's results for the reporting period.

The Group has a net operating loss of \$[ ] and an operating cash outflow of \$[ ] for the financial year ended 31 December 2021 arising from:

- A decline in revenues for the first [ ] months of 2021 compared with the same period in 2020 of [ ]%;
- Impairment of receivables in the first [ ] months of 2021 of \$[ ];
- A restructuring of [ ] resulting in a restructuring expense of \$[ ] in the profit or loss; and
- Our bank covenants require a [ ] ratio of [ ]. The first measurement date is [ ]. Based on the situation as at the date of these financial statements, the Group would [not] meet the covenant ratios and our borrowings of \$[ ] would become due on demand.

As a result of these matters, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may not realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (1) Disruption in operations: Impact of COVID-19 (continued)

**Example 1(b): Material uncertainty about the entity's ability to continue as a going concern (which is specifically impacted by COVID-19 and not other factors) and going concern assumption remains appropriate (continued)**

#### Note [ ] Basis of preparation (continued)

In response to these matters, the Group has taken the following actions:

SFRS(I) 1-1  
(25, 26)

- A waiver of the covenants has been obtained from the bank on [ ];
- Production has ceased and stores were closed in [ ] in order to manage our available cash reserves;
- Additional facilities of \$[ ] has been obtained from our lenders;
- Final dividend for the 2020 financial year will not be paid and there are no plans to pay dividends for the 2021 financial year; and
- Additional equity of \$[ ] has been raised in 2022.

However, if production ceases for more than [ ] months in 2022 and stores are not reopened by [ ], it will be necessary to raise additional capital from investors or financing from lenders. We have started those discussions and we expect that this capital will be available if required.

Although it is not certain that these efforts will be successful, management has determined that these actions are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis.

#### Guidance notes

##### Material uncertainty about the entity's ability to continue as a going concern

SFRS(I) 1-1  
(25)

1. Disclosure of a material uncertainty that casts significant doubt upon an entity's ability to continue as a going concern is not sufficient if management is aware that the entity has 'no realistic alternative' but to cease its activities. In such a situation, the entity can no longer prepare the financial statements on a going concern basis and the disclosures should be tailored based on the specific facts and circumstance of the entity.
2. We have not illustrated the disclosures in relation to the critical accounting estimates and judgements and subsequent events after balance sheet in Example 1(b) above, which should be tailored based on the specific facts and circumstance of the entity.



## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (2) Rent concessions

As a result of COVID-19, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.

##### As a lessee

In 2020, an amendment to SFRS(I) 16 was issued and this amendment provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, a further amendment to SFRS(I) 16 was issued to extend the scope of these rent concessions to include payments originally due on or before 30 June 2022. If the practical expedient is applied, lessees can elect to account for such rent concessions in the profit or loss instead of accounting for them as lease modifications.

SFRS(I) 16  
(46A), (46B)

#### Example 2(a): Rent concessions – Lessee which applied practical expedient

Extracts of significant accounting policies:

##### Note [ ] Basis of preparation

Early adoption of amendment to SFRS(I) 16 Leases<sup>1</sup>

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

SFRS(I) 16  
(C1C), (46A),  
(46B)

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all property leases<sup>3</sup>. As a result of applying the practical expedient, rent concessions of \$[ ]<sup>4</sup> (Note [ ]) was recognised as negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss<sup>5</sup> during the year.

SFRS(I) 16  
(60A(a), (b))

**Additional Illustrative Disclosures**

## Appendix 2 – COVID-19 Disclosures

**(2) Rent concessions** (continued)**Example 2(a): Rent concessions – Lessee which applied practical expedient**  
(continued)

Extracts of notes to the financial statements:

**Note [ ] Expenses by nature**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Purchases of inventories and construction materials	[ ]	[ ]
Amortisation of intangible assets	[ ]	[ ]
Depreciation of property, plant and equipment	[ ]	[ ]
Impairment loss on goodwill	[ ]	[ ]
Employee compensation	[ ]	[ ]
Sub-contractor charges	[ ]	[ ]
Advertising expense	[ ]	[ ]
Rental expense (a)	[ ] <sup>5</sup>	[ ]
Research expense	[ ]	[ ]
Transportation expense	[ ]	[ ]
....		
Total cost of sales, distribution and marketing costs and administrative expenses	[ ]	[ ]

- (a) Included within Rental expense are COVID-19 related rent concessions received from lessors of \$[ ] to which the Group applied the practical expedient as disclosed in Note [ ].

SFRS(I) 16  
(60A(b))**Note [ ] Borrowings**

Reconciliation of liabilities from financing activities

SFRS(I) 1-7  
(44A-E)

	<b>1 January</b>	<b>Proceeds</b>	<b>Principal</b>	<b>Non-cash changes</b>	<b>Foreign</b>	<b>31</b>
	<b>2020</b>	<b>from</b>	<b>and</b>	<b>Rent</b>	<b>exchange</b>	<b>December</b>
	<b>\$'000</b>	<b>borrowings</b>	<b>interest</b>	<b>concession</b> <sup>6</sup>	<b>movement</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
ease liabilities	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

Guidance notes	
<b>Rent concessions – Lessee which applied practical expedient</b>	
1. The amendment to SFRS(I) 16 that provides this optional practical expedient is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021. Entities which have adopted this amendment should disclose this fact. Entities shall apply this practical expedient retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).	SFRS(I) 16 (C1C)  SFRS(I) 1-8 (30) SFRS(I) 16 (C20BA)
2. If the practical expedient is applied, lessees can elect to account for such rent concessions in the same way as they would if the rent concessions were not lease modifications. This will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	SFRS(I) 16 (46A)
3. A lessee that applies the practical expedient is required to disclose that fact and whether it has applied the practical expedient to all rent concessions that meet the conditions of the amendment. If a lessee has not applied the practical expedient to all such rent concessions, it should disclose information about the nature of the contracts to which it has applied the practical expedient. The practical expedient should be applied consistently to leases with similar characteristics and in similar circumstances.	SFRS(I) 16 (60A(a))  SFRS(I) 16 (B1)
4. Lessees are required to disclose the amount recognised in profit or loss relating to the rent concessions to which the practical expedient was applied.	SFRS(I) 16 (60A(b))
5. The rent concession may be presented in the same line as the lessee's other rental expenses (e.g. variable lease payments not included in the measurement of lease liabilities, short-term lease expense or low value lease expense). If the entity has no other rental expenses, the entity may also elect to present the negative variable lease payment under 'Other income'.	
6. The main effect on cash flows would be the reduction in cash outflows for leases during the period of the rent concession. The reduction in lease liability due to the rent concession would be disclosed as a non-cash change in lease liabilities.	SFRS(I) 1-7 (43)-(44A)
7. Lessees which did not elect to apply the practical expedient or did not meet the conditions to apply the practical expedient will need to assess whether the rent concessions received are lease modifications. If it is assessed to be a lease modification, it can refer to the disclosure example under Note 26 and Note 31 of PwC Holdings Ltd for lease modifications.	

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (2) Rent concessions (continued)

##### As a lessor

The optional practical expedient introduced by the amendment to SFRS(I) 16 does not apply to lessors. Lessors must apply SFRS(I) 16 or SFRS(I) 9 to assess whether a rent concession is a lease modification or forgiveness of contractually past due rent payments respectively.

We have included illustrative disclosures for 3 different scenarios for lessors:

- Example 2(b): Finance lease modification
- Example 2(c): Forgiveness of past due rent
- Example 2(d): Rent concessions mandated by government

#### Example 2(b): Rent concessions – Lessor (Finance lease modification)

Extracts of significant accounting policies:

##### Note [ ] Leases

(ii) When the Group is the lessor:

Any changes in the scope or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, rent concessions given which were not contemplated as part of the original terms and conditions of the lease) are accounted for as lease modifications.

- For operating leases: The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.
- For finance leases: The Group applies the derecognition requirements under SFRS(I) 9 to recognise the modification or derecognition gains/losses on the net investment in the finance lease.

SFRS(I) 16  
(87)  
SFRS(I) 16  
(81)

SFRS(I) 16  
(77)

# Additional Illustrative Disclosures

## Appendix 2 – COVID-19 Disclosures

### (2) Rent concessions (continued)

#### Example 2(b): Rent concessions – Lessor (Finance lease modification) (continued)

Extracts of notes to the financial statements:

#### Note [ ] Leases – The Group as a lessor

Net investment in finance leases

	2021 \$'000	2020 \$'000
Less than one year	[ ]	[ ]
One to two years	[ ]	[ ]
Two to three years	[ ]	[ ]
Three to four years	[ ]	[ ]
Four to five years	[ ]	[ ]
Total undiscounted lease payments	[ ]	[ ]
Less: Unearned finance income	[ ]	[ ]
Net investment in finance lease	[ ]	[ ]

- (a) During 2021, the net investment in finance lease decreased as the Group provided rent concessions of \$[ ] (2020: \$[ ]) to its lessees<sup>1</sup>.

SFRS(I) 16  
(93)

#### Guidance notes

#### Rent concessions – Lessor (Finance lease modification)

1. A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.

SFRS(I) 16  
(93)

**Additional Illustrative Disclosures**

## Appendix 2 – COVID-19 Disclosures

**(2) Rent concessions (continued)****Example 2(c): Rent concessions – Lessor (Forgiveness of past due rent)**

Extract of Statement of Comprehensive Income

	2021 \$'000	2020 \$'000	
Sales	[ ]	[ ]	
Cost of sales	[ ]	[ ]	
Gross profit	[ ]	[ ]	
....			
Other gains and losses:			
- Impairment loss on financial assets and contract assets	[ ]	[ ]	
- Loss on derecognition of financial assets <sup>1</sup>	[ ]	[ ]	SFRS(I) 1-1 (82(aa))
- Others			
....			
Profit before income tax	[ ]	[ ]	
Income tax expense	[ ]	[ ]	
Profit after tax	[ ]	[ ]	

Extracts of significant accounting policies:

**Note [ ] Leases**

(ii) When the Group is the lessor:

- Operating leases  
Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis or another systematic basis over the remaining lease term.

Rental due but unpaid is presented under 'Trade and other receivables'. The Group has provided rent concessions to its tenants by waiving contractual past due rent which is accounted for as a forgiveness of rental receivables. Refer to Note [ ] for the accounting policy for derecognition of financial assets.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (2) Rent concessions (continued)

#### Example 2(c): Rent concessions – Lessor (Forgiveness of past due rent) (continued)

Extracts of notes to the financial statements:

#### Note [ ] Other gains and losses

	2021 \$'000	2020 \$'000
Impairment loss on financial assets and contract assets	[ ]	[ ]
Loss on derecognition of financial assets (a)	[ ]	[ ]
Fair value (losses)/gains	[ ]	[ ]
...	...	...
...	...	...
<b>Total</b>	<b>[ ]</b>	<b>[ ]</b>

- (a) During the year, the Group waived \$[ ] of contractually past due rent, resulting in a derecognition of operating lease receivables<sup>1</sup> to assist tenants whose operations were adversely impacted by the COVID-19 pandemic.

SFRS(I) 7  
(20A)

#### Guidance notes

#### Rent concessions – Lessor (Forgiveness of past due rent)

1. An entity shall disclose the gain or loss arising from the derecognition of financial assets measured at amortised cost as a separate line item in the Statement of Comprehensive Income. This includes derecognition of operating lease receivables due to the waiver of past due rent. The entity shall also disclose the reasons for derecognising those financial assets.

SFRS(I) 1-1  
(82(aa))

SFRS(I) 7  
(20A)

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (3) Impairment of non-financial assets

For most entities, the COVID-19 pandemic and its impact to operations and business outlook is an indicator of impairment. Impairment models should reflect updated cashflows reflecting the current situation. In addition, to address the increased uncertainties in the estimation of cashflows, management may need to adjust the existing impairment models by incorporating various scenarios in the impairment model to capture the increased risk and uncertainty during this period.

Changes in the impairment models and updated assumptions need to be meaningfully disclosed to provide useful information to users of the financial statements. Key assumptions disclosed should not be restricted to discount rates or growth rates, but might also include expected profit margins, the probabilities assigned to each scenario where multiple scenarios are projected, and other highly sensitive assumptions that could have a significant impact on future cash flows.

SFRS(I) 1-36  
(130, 134)

Management should also consider the requirements in SFRS(I) 1-1 'Presentation of financial statements', to disclose the major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the financial statements in a subsequent period.

SFRS(I) 1-1  
(125)

#### Example 3: Impairment of non-financial assets

Extracts of notes to the financial statements:

#### Note [ ] Critical accounting estimates and judgements

Impairment of goodwill

The Group has recognised an impairment charge on its goodwill of \$[ ] during the financial year which resulted in the carrying amount of goodwill as at 31 December 2021 to reduce to \$[ ].

SFRS(I) 1-36  
(126)

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note [ ], the recoverable amounts of the cash-generating units ("CGUs") in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculation.

SFRS(I) 1-36  
(134(c))

The continually evolving situation due to COVID-19 pandemic during the year resulted in inherent uncertainty in the impairment assessment. In performing the impairment assessment of the carrying amount of goodwill, the Group adopted the Expected Cash Flow approach. The Expected Cash Flow approach uses all expectations about possible cash flows, instead of the single most likely cash flow.

SFRS(I) 1-36  
(A7)

Uncertainties about future outcomes are reflected through probability-weighted cash flow scenarios. The use of the Expected Cash Flow approach also aligns with management's internal forecasts.



## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (3) Impairment of non-financial assets (continued)

##### Example 3: Impairment of non-financial assets (continued)

#### Note [ ] Critical accounting estimates and judgements (continued)

Significant judgements are used to estimate the weightage of the different scenarios projected, and the key inputs used in each scenario, such as gross margin, weighted average growth rates and pre-tax discount rates. In making these estimates, management has relied on past performance, its expectations of market developments including estimates of the recovery of the furniture retail environment in Singapore, and the industry trends for household and office furniture. Specific estimates and the sensitivity analyses of these estimates are disclosed in Note [ ].

SFRS(I) 1-36  
(132, 134)

#### Note [ ] Intangible assets

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

SFRS (I) 1-36  
(134(a))

	Component parts		Furniture		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
People's Republic of China	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
The Philippines	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Others	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

The recoverable amount of a CGU was determined based on value-in-use.

SFRS(I) 1-36  
(134(c), (d))

The Group's furniture retail stores in Singapore have been subject to capacity restrictions and safe distancing measures since 2020. It is unclear when these restrictions would be lifted.

SFRS(I) 1-36  
(130(a))

Due to the inherent uncertainty arising from the continually evolving situation, the Group adopted the Expected Cash Flow approach in performing its impairment assessment this year. Under this approach, uncertainties about future outcomes are reflected through probability-weighted cash flow scenarios. The use of the Expected Cash Flow approach also aligns with management's internal forecasts.

SFRS(I) 1-36  
(A7)

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (3) Impairment of non-financial assets (continued)

##### Example 3: Impairment of non-financial assets (continued)

The key assumptions underlying the Group's impairment assessment for the Singapore Furniture CGU under the Expected Cash Flow approach are:

SFRS(I) 1-36  
(134)

- Cash flow projections covering a five-year period;
- Cash flows beyond the five-year period were extrapolated using an estimated long-term growth rate which did not exceed the long-term average growth rate for the furniture business in which the Singapore Furniture CGU operates;
- Committed government relief measures are included in the cash flow projections where the cash flows from government has not been recognised by the Group; and
- The significant inputs and probability of each scenario are set out in the table as follows:

	Worst Case	Base Case	Best Case
Weightage	30%	60%	10%
Gross margin	20%	30%	32%
Growth rate	(15%)	0%	1%
Discount rate	8%	8%	8%
Period of time from 1 January 2022 until capacity restrictions are lifted	9 to 18 months	6 to 9 months	Within 6 months

Arising from the impairment assessment, an impairment charge of \$[ ] was recognised and presented within "Administrative expenses" in the statement of comprehensive income for the financial year ended 31 December 2021.

SFRS(I) 1-36  
(126(a),  
130(b))

The Group also reassessed the useful lives of its property, plant and equipment and the lease terms of the underlying retail stores to the extent that the Group has the option not to renew or terminate the lease.

The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs is as follows:

SFRS(I) 1-36  
(134(f))

	Change in assumption, holding other inputs constant	Additional impairment charge
		\$'000
Probability-weight	Worst case: 50% Base case: 45% Best case: 5%	[ ]
Gross margin	Reduce by 5%	[ ]
Growth rate	Reduce by 5%	[ ]
Discount rate	Increase by 1%	[ ]
Period of time to resume full capacity from 1 January 2022	Delay by 3 months	[ ]

SFRS(I) 1-1  
(129)

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (4) Impairment of financial assets

The COVID-19 pandemic has caused and may continue to cause significant disruptions to global economies and business operations of many companies. As a result, assumptions previously used in provision matrices may no longer hold.

SFRS(I) 9  
(B5.5.2),  
(B5.5.6)

Assumptions to be revisited may include:

- groupings of receivables that share similar credit risk characteristics; and
- forward-looking information included in the determination of loss rates and use of multiple scenarios.

#### Grouping of receivables

It is important to understand the drivers of credit risk for the underlying receivables and how these might have been impacted by COVID-19. In some cases, the driver of credit risk might be geographic, while in others it might be based on the nature of the customer, the industry that it operates in, and/or the nature of the goods or services.

SFRS(I) 9  
(B5.5.1),  
(B5.5.6)

For example, consider an entity that sells to large restaurant chains and grocery stores. Historically, the company might have found that the loss rates experienced in both customer bases were similar and a single provision matrix was used. However, the entity might now consider that restaurant chains were more significantly impacted by COVID-19 than grocery stores, which remained open during the pandemic. Accordingly, the entity might put the receivables from restaurants and grocery chains separately into different provision matrices.

The companies may need to further stratify from the new grouping identified above by going down to the individual customer level, where a particular customer is known to be in financial difficulty as a result of COVID-19. It might require an increased provision compared to historical losses over the respective ageing bucket. Management should avoid any double counting of losses, whereby a balance that is specifically provided for should not be included in the provision matrix.

Management should exercise judgement over the segmentation of receivables based on the changes in credit risk characteristic under the COVID-19 environment.

#### Forward-looking information and use of multiple scenarios<sup>1</sup>

Given the uncertainties arising from COVID-19, it is challenging to estimate the expected credit losses in the current situation. There is no 'one size fits all' answer, and entities will need to consider the key drivers of credit risk for each grouping.

As a starting point, management might look to historical information, such as behaviour of customers during previous recessions, to establish macroeconomic data (such as GDP, unemployment rates) that correlates with the credit losses.

For more information on how COVID-19 impact should be incorporated in the provision matrix for corporates, see FAQ 3.2.4 in PwC Manual of Accounting ([link](#)).

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (4) Impairment of financial assets (continued)

##### Disclosures

Management should consider the following disclosures:

- Assumptions and inputs adjusted for the effects of COVID-19 were used to measure ECL under COVID-19 situation (including forward-looking information and any additional adjustments or 'overlays'); SFRS(I) 7  
(35B), (35G)
- Credit risk concentrations that take into account different effects of COVID-19 on different receivables; SFRS(I) 7  
(35B), (35M)
- Carrying amounts of receivables that are credit impaired at the reporting date (such as receivables from debtors that are in significant financial difficulty, or receivables that are more than 90 days past due); SFRS(I) 7  
(35M)
- Critical estimate disclosures include, but are not limited to, forward-looking information and how receivables have been grouped. SFRS(I) 7  
(35G), (B8H)

#### Example 4(a): Impairment of financial assets

Extracts of notes to financial statements

#### Note [ ] Critical accounting estimates and judgements

Impairment of trade receivables

The level of estimation and judgement used in the ECL calculation has increased as a result of COVID-19 outbreak. The Group has identified that the risk characteristics of the customers from the retail sectors are different from the existing customers under the COVID-19 situation as they are adversely impacted due to social distancing measures. These customers are grouped into a separate provision matrix and the historical loss rates are adjusted to reflect the current and forward-looking information.

In computing the ECL allowances for the customers from the retail sectors, the management has assigned additional [ ]% to the downside scenario due to safe distancing measures that are imposed on the retail sector and expects the recovery of the foot traffic in the malls to be longer. A loss allowance of \$[ ] is recognised as at 31 December 2021 for trade receivables in the retail sector.

In calculating the expected credit loss rates, the Group has considered the volatility of the forward-looking macroeconomic factors affecting the ability of the customers to repay their debts and the probabilities assigned to each scenario are disclosed in Note [ ].

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (4) Impairment of financial assets (continued)

##### Example 4(b): Revision of assumptions used in provision matrix

Extracts of notes to financial statements

#### Note [ ] Financial risk management

Credit risk

SFRS(I) 9  
(B5.5.5)

Historically, the Group has found that the credit loss experiences are different for each revenue segment and hence the trade receivables are grouped into three provision matrices. However, the Group considered that retailers were adversely impacted due to social distancing measures as compared to customers in other industry segments. Accordingly, the Group has further disaggregated this group of receivables into a different provision matrix.

	Current	Within 30	30 to 60	60 to 90	More than	Total
31 December	\$'000	days	days	days	90 days	\$'000
2021		\$'000	\$'000	\$'000	\$'000	
<b>Wholesale of furniture and electronic equipment</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Construction and specialised equipment</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Logistic services</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Retailer</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

SFRS(I) 7  
(35G(b))

As at 31 December 2021, the expected credit losses model has been updated by reflecting the latest available macroeconomic outlook and identified gross domestic product (GDP) and unemployment rates as the key indicators and inputs.

The Head of Credit Control has developed possible economic scenarios being upside, downside and base case scenario using publicly available data and internal forecast.

**Additional Illustrative Disclosures**

## Appendix 2 – COVID-19 Disclosures

**(4) Impairment of financial assets (continued)****Example 4(b): Revision of assumptions used in provision matrix**

Extracts of notes to financial statements

**Note [ ] Financial risk management**SFRS(I) 9  
(B5.5.42),  
(B5.5.50)

	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	Total
31 December 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Wholesale of furniture and electronic equipment</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Construction and specialised equipment</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Logistic services</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
<b>Retailer</b>						
Expected loss rate	[ ]%	[ ]%	[ ]%	[ ]%	[ ]%	
Trade receivables	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Loss allowances	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (4) Impairment of financial assets (continued)

#### Example 4(b): Revision of assumptions used in provision matrix (continued)

Extracts of notes to financial statements

The assumptions underpinning each possible economic scenario prepared by management are as follows:

SFRS(I) 9  
(B5.5.5)

Scenarios	Weighting	Expected Credit Losses for each scenario \$'000	Macro-economic outlook	Assumptions
Base scenario	Probable	[ ]	GDP	Increase by [ ]% in second quarter of 2022 with gradual recovery in third and fourth quarter by [ ]% and [ ]%.
			Unemployment rate	Decline to [ ]% in 2022 but remain above pre-COVID-19 level.
Downside scenario	Possible	[ ]	GDP	Increase by [ ]% in fourth quarter of 2021 with gradual recovery in first and second quarter by [ ]% and [ ]% of 2022.
			Unemployment rate	Decline to [ ]% in 2022 and significantly above pre-COVID-19 level.
Upside scenario	Unlikely	[ ]	GDP	The spread of COVID-19 will diminish significantly by first quarter of 2022.  Grow by [ ]% in first quarter of 2022.
			Unemployment rate	Decline to [ ]%, slightly above pre-COVID-19 level.

The management has assigned probabilities to each scenario for respective group of receivables based on the shared risk characteristic. The total loss allowances, based on the probability-weighted expected credit losses of \$ [ ] are recognised as at 31 December 2021.

**Additional Illustrative Disclosures**

## Appendix 2 – COVID-19 Disclosures

**(4) Impairment of financial assets** (continued)**Example 4(b): Revision of assumptions used in provision matrix** (continued)

Extracts of notes to financial statements

**Note [ ] Financial risk management**

The Group has identified a group of receivables who were experiencing significant financial difficulty arising from the consequences of COVID-19 outbreak. The carrying amount of the receivables amounting to \$[ ] (2020: \$[ ]) at the reporting date are credit impaired. The recovery from respective receivables are assessed individually after consideration of any collateral.

SFRS(I) 9  
(5.5.10)SFRS(I) 9  
(B5.5.24)**Credit impaired**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Gross carrying amount	[ ]	[ ]
Expected credit losses	[ ]	[ ]
<b>Carrying amount net of credit losses</b>	<b>[ ]</b>	<b>[ ]</b>

**Guidance notes**

1. Management should consider the forward-looking information (include macroeconomic information) which are most relevant under the COVID-19 circumstances.

If there are changes in forward-looking information used in the ECL model, management should consider the following disclosures:

"Management has updated the forward-looking information used from GDP to commodity indices and considered commodity indices as more relevant under the COVID-19 situation."

SFRS(I) 9  
(5.7.10)SFRS(I) 1-1  
(82(ba))



## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (4) Impairment of financial assets (continued)

#### Example 4(c): Changes in low credit risk assumption in SFRS(I) 9

Extracts of notes to financial statements

#### Note [ ] Financial risk management

As at 31 December 2021, credit rating of certain bond investments held by the Group has significantly deteriorated and is no longer considered to have low credit risk. The Group has assessed that there has been a significant increase in credit risk since initial recognition of the asset and accordingly lifetime expected credit losses are recognised.

SFRS(I) 9  
(B5.5.12),  
(B5.5.42)

The gross carrying amount of financial assets, at FVOCI<sup>1</sup> and other investments at amortised cost by credit rating are disclosed in the table below as follows:

<u>Group</u> <b>2021</b>	Debt		Other investments	
	instruments		at amortised cost	
	<u>at FVOCI</u>		<u>at amortised cost</u>	
Credit rating	Stage 2	Stage 1	Stage 2	Stage 3
	\$'000	\$'000	\$'000	\$'000
AA-	-	[ ]	-	-
BB	-	-	[ ]	-
B-	[ ]	-	-	-
D	-	-	-	[ ]
<b>Total</b>	<b>[ ]</b>	<b>[ ]</b>	<b>[ ]</b>	<b>[ ]</b>

SFRS(I) 7  
(35M)

#### Guidance notes

1. A gain or loss on a financial asset measured at FVOCI shall be recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses.

Impairment gains or losses determined in accordance with SFRS(I) 9 shall be presented on the face of profit or loss statement.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (4) Impairment of financial assets (continued)

##### Example 4(d): Revision of ECL assumption for financial guarantees

Extracts of notes to financial statements

#### Note [ ] Financial risk management

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. One of its subsidiaries has experienced financial difficulties arising from COVID-19. The Company has considered different possible scenarios by estimating the subsidiary's ability to service its bank borrowings.

Scenarios	Weighting	Expected Credit Losses for each scenario \$'000	Possible outcomes
Base scenario	Probable	[ ]	The subsidiary is able to repay 50% of the bank borrowings. Safe distancing measures and other regulatory restrictions are imposed on the subsidiary's operations. Hence, production of inventories is at lower capacity.
Downside scenario	Possible	[ ]	The subsidiary disposes one of its major assets and repay 30% of the bank borrowings.
Upside scenario	Unlikely	[ ]	The subsidiary is able to repay 90% of the bank borrowings and the spread of COVID-19 diminishes significantly by first quarter of 2022. Safe distancing measures are removed and production of inventories recovers to its full capacity.

Expected credit loss allowances of \$[ ] based on the probability-weighted expected credit losses are recognised by the Company arising from the financial guarantees issued as at 31 December 2021.

## Additional Illustrative Disclosures

### Appendix 2 – COVID-19 Disclosures

#### (5) Revenue from contracts with customers

##### Example 5: Determining the transaction price

Extracts of notes to the financial statements:

#### **Note [ ] Critical judgements in revenue recognition – Determining the transaction price**

The Group recognised revenue amounting to \$[ ] for the sale of goods to wholesale customers in November and December 2021. Based on the terms of these contracts, customers would be entitled to 'prompt payment discounts' ranging from 0.5% to 3% of the contracted selling price if payment is made within 2 months of delivery of goods. The Group also has the practice of offering price concessions when customers have experienced some level of dissatisfaction with the goods delivered.

Determining the transaction price of these contracts with such 'prompt payment discounts' clauses requires the Group to make judgements and estimates on variable considerations (price concessions) in the contracts. Management estimates the amount of price concessions using the expected value method, taking into account relevant information known and available to management (including the Group's experience in providing price concessions for goods of dissatisfactory quality and customers' payment patterns). In estimating the amount of price concessions from 'prompt payment discounts' for the financial year ended 31 December 2021, management had incorporated their recent experience that payments from certain customers were less 'prompt' as compared to prior years before the COVID-19 pandemic. Changes in the expectations and payment patterns may affect the amount of revenue recognised in the Group's profit or loss in future periods. Had all customers made full repayment by 1 January 2022, the amount of revenue recognised in the Group's profit or loss for the financial year ending 31 December 2022 would decrease by \$[ ].

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

#### Background

In preparing the illustrative financial statements in the main body of this publication, we have assumed that PwC Holdings Ltd will not be affected by the inter-bank offer rate (“IBOR”) reforms.

Entities will need to explain the changes to their accounting policies arising from the adoption of the amendments made to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement or SFRS(I) 16 Leases and provide the disclosures added to SFRS(I) 7 Financial Instruments: Disclosures. This includes entities that have exposure to interest rates where (i) the interest rates are dependent on IBORs; and (ii) these IBORs are subject to interest rate benchmark reform<sup>1-7</sup>.

This appendix shows the disclosures an entity would have to add if it has the following transactions:

- an SGD borrowing with a variable interest rate based on 3-month SOR and a cash flow hedge in the form of a floating-to-fixed rate interest rate swap that is referenced to 3-month SOR; and
- a JPY borrowing with a variable interest rate based on 3-month JPY LIBOR and a cash flow hedge in the form of a floating-to-fixed rate interest rate swap that is referenced to 3-month JPY LIBOR.

The disclosures assume that the entity has adopted the hedge accounting requirements of SFRS(I) 9<sup>2-5, 7</sup>. Depending on when the entity amends its IBOR-linked contracts and the relevant IBOR cessation dates, Phase 1 reliefs may still be applicable for certain hedging relationships where the uncertainty in terms of timing and amount of IBOR transition still exist.

SFRS(I) 9  
(7.1.8),  
SFRS(I) 7  
(44DE)

The examples below illustrate the disclosure requirements arising from the Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 16 and SFRS(I) 7 due to IBOR reform which are applicable for annual reporting periods beginning on or after 1 January 2021. Disclosures relating to the Phase 1 amendments were illustrated in the 2020 edition of this publication and also in the examples below, where applicable.

SFRS(I) 9  
(7.1.10),  
SFRS(I) 7  
(44GG)

While we are primarily illustrating the disclosures required by the amendments made to SFRS(I) 7 and other hedge accounting disclosures affected by IBOR reform, we have included extracts of the other disclosures from the main body of the publication, to provide some context for the additional disclosures. New or revised disclosures are highlighted with shading.

The illustrative disclosures presented are not exhaustive.



For further guidance and illustrations, entities may refer to our guidance below:

[Practical guide to Phase 1 amendments for IBOR reform](#)

[Practical guide to Phase 2 amendments for IBOR reform](#)

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements:

#### Note [ ] Basis of preparation (extracts)

#### Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRS(I)s ("INT SFRS(I)s") that are mandatory for application for the 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)s and INT SFRS(I)s.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as follows.

#### Interest Rate Benchmark Reform – Phase 2

SFRS(I) 1-8  
(28)  
SFRS(I) 9  
(7.2.46)

The Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

#### Hedge relationships

The Phase 2 amendments address issues arising during interest rate benchmark reform ("IBOR reform"), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss.

Note [ ] provides further information about the reliefs applied by the Group and the hedging relationships for which the Group has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior period as a result of these amendments, except for hedge ineffectiveness which is disclosed in Note [ ].

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

#### Note [ ] Basis of preparation (extracts) (continued)

#### Interpretations and amendments to published standards effective in 2021 (continued)

#### Interest Rate Benchmark Reform – Phase 2 (continued)

In the current year, the Group has adopted the following hedge accounting reliefs provided by the 'Phase 2' amendments<sup>11</sup> to existing cash flow hedges (notional amount of S\$[ ]) that have transit to alternative benchmark rates required by IBOR reform:

- **Hedge designation:** When the 'Phase 1' amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.
- **Amounts accumulated in the cash flow hedge reserve:** When the interest rate benchmark on which the hedged future cash flows were based is changed as required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate

#### Financial instruments measured at amortised cost and lease liabilities

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities (see below).

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change<sup>9</sup>.

SFRS(I) 9  
(7.2.46)  
SFRS(I) 16  
(C1B)

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

#### Note [ ] Basis of preparation (extracts) (continued)

#### Interpretations and amendments to published standards effective in 2021 (continued)

##### Interest Rate Benchmark Reform – Phase 2 (continued)

For the year ended 31 December 2021, the Group has applied the practical expedients provided under Phase 2 to amendments to \$[ ] of its long-term debt, as disclosed in Note [ ].

#### Effect of IBOR reform

Following the global financial crisis, the reform and replacement inter-bank offered rates ("IBOR") has become a priority for global regulators. The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the Singapore Swap Offer Rate ("SOR") or the JPY LIBOR. These floating rate borrowings are hedged using interest rate swaps, which have been designated as cash flow hedges.

SFRS(I) 7  
(24H, 24I, 24J)

SOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). The Group has a variable-rate SGD borrowing which references to SOR and matures after 30 June 2023. The Group hedges the variability in cash flows using SOR-linked interest rate swaps. The Group's communication with its swap and debt counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. As IBOR uncertainty is still present<sup>7</sup>, the Group continues to apply the Phase 1 temporary amendments for hedge accounting on cash flow hedges relating to SOR risk, and further information on the hedging relationship has been disclosed in Note [ ]. The expected transition from SOR to SORA had no effect on the amounts reported for the current and prior financial years.

JPY LIBOR loses its representativeness after 31 December 2021. The Group has amended all its JPY-LIBOR linked borrowing and interest rate swaps to reference to the Tokyo Overnight Average Rate ("TONAR"), and the Group has applied the Phase 2 amendments for amortised cost measurement and hedge accounting. Difference in the timings of transition of the borrowing and swaps gave rise to hedge ineffectiveness in the current year, as disclosed in Note [ ]. The transition from JPY LIBOR to TONAR had no material effect on the amounts reported for the current and prior financial year.

**Additional Illustrative Disclosures**

## Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

**Note [ ] Basis of preparation** (extracts) (continued)**Effect of IBOR reform** (continued)

The following table contains details of all the financial instruments that the Group and Company holds at 31 December 2021 which are referenced to SOR and have not yet transitioned to new benchmark rates<sup>2</sup>:

SFRS(I) 7  
(24J(b))

	SOR	
	<u>Carrying amount<sup>10</sup></u>	<u>Of which: Not yet transitioned to an alternative benchmark rate<sup>10</sup></u>
	\$'000	\$'000
<b>Group<sup>2</sup>:</b>		
<b>31 December 2021</b>		
Assets		
- Derivative financial instruments	[ ]	[ ]
...	...	...
Liabilities		
- Borrowings	[ ]	[ ]
- Derivative financial instruments	[ ]	[ ]
...	...	...
<b>Total</b>	<b>[ ]</b>	<b>[ ]</b>
<b>Company<sup>2</sup>:</b>		
<b>31 December 2021</b>		
Assets		
- Derivative financial instruments	[ ]	[ ]
...	...	...
Liabilities		
- Borrowings	[ ]	[ ]
- Derivative financial instruments	[ ]	[ ]
...	...	...
<b>Total</b>	<b>[ ]</b>	<b>[ ]</b>

Included in the variable rate borrowings is a 10-year floating-rate debt of \$[ ] (2020: \$[ ]) whose interest rate is based on 3-month SOR. To hedge the variability of in cash flows of this loan, the Group has entered into a 10-year interest rate swap with key terms (principal amount, payment dates, repricing dates, currency) that match those of the debt on which it pays a fixed rate and receives a variable rate.



Additional Illustrative Disclosures

Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

**Note [ ]    Critical judgements in applying the entity’s accounting policies**

In calculating the change in fair value attributable to the variability of SOR in hedged SGD borrowing, the Group assumes that:

SFRS(I) 7  
(24H(d))

- The borrowing will move to SORA at the same time as the interest rate swap (hedging instrument) with a similar adjustment spread computed on the same basis;
- No other changes to the terms of the borrowing and interest rate swap are anticipated; and
- The interest rate swap will not be derecognised.

SFRS(I) 9  
(6.9.2)

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from SOR to SORA.

**Additional Illustrative Disclosures**

## Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

**Note [ ] Derivative financial instruments (extracts)**

	Group			Notional amount directly impacted by IBOR reform \$'000	SFRS(I) 7 (24H(e))
	Contract notional amount \$'000	<u>Fair value</u>			
		<u>Asset</u>	<u>Liability</u>		
		\$'000	\$'000		
<b>31 December 2021</b>					
Derivatives held for hedging:					
Cash-flow hedges					
- Interest rate swaps	[ ]	[ ]	[ ]	[ ]	
- Currency forwards	[ ]	[ ]	[ ]		
Fair value hedge					
- Currency forwards	[ ]	[ ]	[ ]		
Derivatives not held for hedging:					
- Currency forwards	[ ]	[ ]	[ ]		
<b>Total</b>		[ ]	[ ]		
- Current		[ ]	[ ]		
- Non-current		[ ]	[ ]		
<b>Total</b>		[ ]	[ ]		

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

#### Note [ ] Financial risk management (extracts)

(a) Market risk

SFRS(I) 7 (33)

(iii) Cash flow and fair value interest rate risk

SFRS(I) 7  
(21C)

The Group is exposed mainly to the Singapore Swap Offer Rate ("SOR") and the Japanese Yen London Inter-bank Offer Rate ("JPY LIBOR"). The Group's treasury function completed the Group's JPY LIBOR transition during the year and is managing the Group's SOR transition plan. The greatest change will be amendments to the contractual terms of the SOR-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. There is currently uncertainty around the timing and precise nature of these changes<sup>7</sup>.

SFRS(I) 7  
(22A, 24H)

#### Hedging relationships for which 'Phase 1' amendments apply

The 'Phase 1' amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly impacted by IBOR reform. The temporary reliefs would end when the uncertainty arising from IBOR reform is no longer present.

The Group has judged that IBOR uncertainty is still present<sup>7</sup> with respect to its cash flow hedge of a SOR-linked borrowing, because the hedging instrument and the hedged item have not yet been amended to transit to SORA.

The following Phase 1 reliefs are applied to the cash flow hedge linked to SOR:

- When considering the 'highly probable' requirement, the Group has assumed that the SOR interest rate on which the Group's hedged debt is based does not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the SOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the IBOR reform; and
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

#### Note [ ] Financial risk management (extracts) (continued)

(a) Market risk (continued)

SFRS(I) 7 (33)

(iii) Cash flow and fair value interest rate risk (continued)

SFRS(I) 7  
(21C)

#### Hedging relationships for which 'Phase 2' amendments apply

SFRS(I) 9  
(7.1.10)

The Group has judged that IBOR uncertainty is no longer present<sup>7</sup> with respect to its cash flow hedge of a JPY LIBOR-linked borrowing, once both the hedging instrument and the hedged item have been amended to the alternative benchmark rate with fixed adjustment spreads.

In the current year, the Group has applied the following hedge accounting reliefs provided by the Phase 2 amendments for its hedging relationships that have already transitioned to from JPY LIBOR to TONAR:

- **Hedge designation<sup>8</sup>:** When the Phase 1 amendments cease to apply, the Group has amended its hedge designation to reflect the following changes which are required by IBOR reform:
  - designating TONAR as a hedged risk;
  - the contractual benchmark rate of the hedged JPY borrowing has been amended from JPY LIBOR to TONAR plus an adjustment spread; and/or
  - the variable rate of the hedging interest rate swap has been amended from JPY LIBOR to TONAR, with an adjustment spread added to the fixed rate.

These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- **Amounts accumulated in the cash flow hedge reserve<sup>8</sup>:** When the Group amended its hedge designation for changes to its JPY LIBOR borrowing that is required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve was deemed to be based on TONAR. The amount is reclassified to profit or loss in the same periods during which the hedged TONAR cash flows affect profit or loss.

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Extracts of notes to the financial statements (continued):

#### **Note [ ] Financial risk management** (extracts) (continued)

(a) Market risk (continued)

SFRS(I) 7 (33)

(iii) Cash flow and fair value interest rate risk (continued)

SFRS(I) 7  
(21C)

Hedge effectiveness (extracts)

Hedge ineffectiveness for interest rate swaps may occur due to:

SFRS(I) 7  
(22B(c), 23D)

- ...
- Transiting the hedged item and the hedging instrument to alternative benchmark rates at different time, which may result in temporary mismatch in benchmark interest rates or permanent difference in adjustment spreads.

Ineffectiveness of \$[ ] has been recognised in relation to the interest rate swaps in other gains or losses in profit or loss for 2021 (2020: \$[ ]). The significant increase in ineffectiveness in the current year was caused by the transition of the interest rate swap and the hedged debt from JPY LIBOR to TONAR<sup>1</sup> at different dates during the year.



**PwC Singapore's dedicated IBOR Reform website** provides market updates and useful resources on the IBOR Reform in Singapore.

Further accounting guidance can also be found on **Viewpoint's IBOR Reform landing page**.

#### Guidance notes

##### **Interest rate benchmark reform**

1. Entities should consider whether further disclosure of the impending replacement of IBORs should be provided in other parts of the annual report, for example in management's discussion and analysis.

##### **Adaptation of disclosures and assumptions made**

2. In compiling these illustrative disclosures, we have assumed that the Group has contracts that are linked to SOR and JPY LIBOR only. The disclosure should be repeated for each significant interest rate benchmark to which the entity is exposed.

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

Guidance notes	
3. As the Group advances through its transition process, the disclosure will need to be updated to reflect the latest information specifically relating to the Group and its transition process.	SFRS(I) 7 (24I)
4. The disclosures will further need to be expanded to include entity-specific disclosures of all other IBOR-related risk exposures that are managed by the entity, including how the entity is managing the transition process. In addition to debt instruments and derivatives, these might include leases and other contracts with payments linked to an IBOR.	SFRS(I) 7 (24H)
<b>Uncertainties from interest rate benchmark reforms no longer present</b>	
5. The relief provided by the Phase 1 amendments for hedge accounting ceases to apply prospectively when the uncertainties arising from the interest rate benchmark reform are no longer present, e.g. because the hedged item and the hedging instrument have been moved to an alternative benchmark rate.	SFRS(I) 9 (6.8.9 – 6.8.12)
6. Additional amendments to IFRS 9, IAS 39 and IFRS 7 (“Phase 2 Amendments”) have been issued by the IASB which addresses the accounting effects of that arise on an entity’s financial statements when an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternate benchmark date. The Phase 2 Amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.	SFRS(I) 9 (7.1.10)
7. Entities may need to apply judgement in determining if the uncertainties arising from IBOR reform have ceased. Specific facts and circumstances will need to be considered, and significant judgements should be disclosed.	
<b>Tailoring of disclosures applicable to the entity</b>	
8. Certain disclosures have been illustrated in this appendix for completeness. The entity will need to assess if these disclosures should be included in its financial statements based on the entity’s facts and circumstances.	

Additional Illustrative Disclosures

Appendix 3 – IBOR Reform Disclosures

Guidance notes	
<p><b>Changes to contractual cash flows</b></p> <p>9. The practical expedient allowed for financial instruments measured using amortised cost measurement is only applicable to changes to contractual cash flows that are a direct consequence of IBOR reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.</p> <p>Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by IBOR reform, including updating the instrument's effective interest rate. Any additional changes are assessed for modification or derecognition in accordance with SFRS(I) 9, with the resulting modification gain or loss recognised immediately in profit or loss where the instrument is not derecognised.</p> <p><b>Disclosure of instruments that have not yet transited to an alternative benchmark rate</b></p> <p>10. Entities are required to disclose the financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, disaggregating this disclosure by the various significant interest rate benchmarks subject to IBOR reform, showing separately:</p> <ul style="list-style-type: none"><li>(a) Non-derivative financial assets;</li><li>(b) Non-derivative financial liabilities; and</li><li>(c) Derivatives.</li></ul> <p>The amounts within the two columns may not be equivalent if the entity has a portion of financial instruments that have already transited to an alternative benchmark rate.</p>	<p>SFRS(I) 9 (5.4.7)</p> <p>SFRS(I) 9 (5.4.9)</p> <p>SFRS(I) 7 (24J(b))</p>

## Additional Illustrative Disclosures

### Appendix 3 – IBOR Reform Disclosures

#### Guidance notes

##### Hedge of risk components – IBOR reform Phase 2 relief

11. SFRS(I) 9 permits an entity to designate a risk component as the hedged item provided that the risk component is separately identifiable and reliably measurable.

SFRS(I) 9  
(6.3.7)

In the early stage of the IBOR reform, alternative benchmark rates may not be separately identifiable. For instance, the market may not be pricing fixed-rate debt instruments directly in response to changes in the alternative benchmark rate. In such a case, an alternative benchmark rate cannot be designated as a hedged risk component of a fixed rate debt instrument as it is not yet separately identifiable and reliably measurable.

The Phase 2 amendments temporary hedge accounting relief provides that an alternative benchmark rate designated as a non-contractually specified risk component that is not separately identifiable, at the date when it is designated, will be deemed to have met the requirements at that date if the entity reasonably expects that it will meet the requirements within a period of 24 months.

SFRS(I) 9  
(6.9.11)

If, at a later date, the entity reasonably expects that the alternative benchmark rate will not be separately identifiable within the 24-month period, it will cease to apply the temporary exception and prospectively discontinue hedge accounting from the date of that reassessment.

SFRS(I) 9  
(6.9.12)

If an entity has designated a risk component as the hedged item and has applied the above practical expedient, the following disclosure can be considered:

**“Risk Components:** The Group is permitted to designate an alternative benchmark rate as a non-contractually specified risk component, even if it is not separately identifiable at the date when it is designated, provided that the Group reasonably expects that it will meet the requirements within 24 months of the first designation and the risk component is reliably measurable. The 24-month period applies separately to each alternative benchmark rate which the Group might designate.”



For additional guidance on the hedging of risk components and the related impact of IBOR Reform Phase 2 amendments, refer to:

- Section 46.66 – 46.71 of [PwC’s Manual of Accounting on Viewpoint](#); or
- Section 5.6 of [PwC’s Practical guide to Phase 2 amendments for IBOR reform](#).



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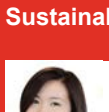
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