



# DLF HOLDINGS LIMITED

Annual Report 2019



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DLF Holdings Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 25 July 2018. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor in accordance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist.

This Annual Report has not been examined or approved by the SGX-ST. The the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

# CORPORATE INFORMATION

<b>Company Registration Number</b>	201726076W
<b>Registered Office</b>	140 Paya Lebar Road #08-07 AZ @ Paya Lebar Singapore 409015  Tel: 69098155
<b>Company Website</b>	<a href="https://www.dlfholdings.sg">https://www.dlfholdings.sg</a>
<b>Investor Relations Contact</b>	Email: <a href="mailto:enquiry@dlfholdings.sg">enquiry@dlfholdings.sg</a>
<b>Board of Directors</b>	Fan Chee Seng (Executive Chairman)  Foo Kia Juah (Lead Independent Non-Executive Director) - Appointed on 12 December 2019  Yusaku Mishima (Non-Independent Non-Executive Director) - Appointed on 12 December 2019  Kok Cheang Hung (Independent Non-Executive Director) - Appointed on 12 December 2019  Tee Hian Chong (Independent Non-Executive Director) - Appointed on 12 December 2019
<b>Company Secretary</b>	Pan Mi Keay See Kai Li – Appointed on 30 January 2020

# CORPORATE INFORMATION

## **Share Registrar and Share Transfer Office**

Tricor Barbinder Share Registration Services  
(a division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road  
#11-02  
Singapore 068898

## **Audit Committee**

Kok Cheang Hung (Chairman)  
- Appointed on 12 December 2019

Tee Hian Chong  
- Appointed on 12 December 2019

Yusaku Mishima  
- Appointed on 12 December 2019

## **Nominating Committee**

Foo Kia Juah (Chairman)  
- Appointed on 12 December 2019

Tee Hian Chong  
- Appointed on 12 December 2019

Yusaku Mishima  
- Appointed on 12 December 2019

## **Remuneration Committee**

Foo Kia Juah (Chairman)  
- Appointed on 12 December 2019

Tee Hian Chong  
- Appointed on 12 December 2019

Yusaku Mishima  
- Appointed on 12 December 2019

# CORPORATE INFORMATION

## Principal Bankers

DBS Bank Limited  
Standard Chartered Bank (Singapore) Limited  
Maybank Singapore Limited

## Auditors

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants  
24 Raffles Place, #07-03  
Clifford Centre  
Singapore 048621

(Partner-in-charge: Mr Toh Kim Teck)  
Appointed since 10 May 2018

## Listing Information

Share Listing:  
Singapore Exchange Ltd  
Stock Code: SGXE73993458

## Sponsor

PrimePartners Corporate Finance Pte. Ltd.  
16 Collyer Quay, #10-00  
Income at Raffles  
Singapore 049318

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of DLF Holdings Limited. ("DLF", the "Company" and together with its subsidiaries, the "Group"), we are pleased to present to you the Group's annual report for the financial year ended 31 December 2019 ("FY2019"). In FY2019, the Group had solely, focused on the provision of M&E services. The Group started exploring other business opportunities in particular, within the blockchain space and has on 28 February 2020, entered into a non-binding Memorandum of Understanding with Infinity Blockchain Group, a conglomerate of Asia's leading blockchain companies, with a R&D base specializing in blockchain technology development and applications in Vietnam, and numerous business acceleration units in other parts of Asia including Malaysia, Hong Kong and Japan. The Company has also acquired its initial test sales contract with a third party customer. The group will continue to look for other profitable businesses with recurring income.

As such, I believe the Group is now poised to realise its long term growth potential.

## **BUSINESS REVIEW**

The Group's operating environment for the FY2019 makes up of 3 segments, namely in the M&E engineering services, project management and turnkey contracting services segments. No revenue was recorded from turnkey contracting services and project management services for FY2019. The Group's turnkey contracting services projects of the Maldives Project was terminated on 5 February 2019. The Group's project management services which was performed by its 80%-owned subsidiary, DLF Prosper Venture Pte. Ltd. also stopped in FY2019 due to the termination of its provision of project co-ordination and management services to support the construction of the living quarters of a marine admiralty yard.

Total revenue was approximately S\$1 million in FY2019, a decrease of 94% as compared to FY2018 due mainly to the termination of the Group's turnkey contracting services projects and the decrease in revenue from mechanical and electrical services where most projects were completed in FY2018.

The Group's gross profit was S\$0.40 million for FY2019, compared with S\$1.71 million for FY2018. The administrative expenses for FY2019 was S\$2.3 million which was 46% lower than in FY2018, mainly due to the Group's cost cutting measures. The Group's registered a S\$3.68 million loss after tax in FY2019 as compared to S\$5.18 million loss after tax in FY2018.

## **DIVIDENDS**

In view of the loss position, the Board is not recommending a dividend for FY2019.

## **OUTLOOK FOR 2020**

The near-term outlook for the M&E sector is expected to remain challenging and we anticipate having to deal with continuing price pressures from customers and an increasingly competitive landscape. With the possibility of an economic contraction should the Covid-19 outbreak be more severe than anticipated, the Group will continue to exercise prudence when managing our costs in terms of project management and contracting services. Given the current Covid-19 induced economic challenges on the jobs and export fronts – possibilities of any domestic-led infrastructure developments being implemented earlier, if any, will be a boon to the Singapore, inter alia, M&E sector.

# CHAIRMAN'S STATEMENT

We will continue to work on our core business where we remain competitive in the Singapore market and, with the support of our controlling shareholder, QRC Pte. Ltd., to explore agency-related business opportunities in the blockchain industry. We are confident that with the support and expertise from our controlling shareholders, we are able to bring DLF to greater heights.

In addition, the scalability and profit potential of the new blockchain-related business segment currently being explored excites us. With the network, support and guidance of the new controlling shareholder, QRC Pte. Ltd., we are also assured of a smooth execution and of our deliverables in this developing space. A number of renowned firms in Singapore and in the world, have already implemented or engaged blockchain in some shape or form as part of their business delivery or processes.

## APPRECIATION

On behalf of the Board, I would like to thank our management and staff for their contribution, understanding and dedication in helping the Group to overcome the many obstacles. Despite the challenging FY2019 period, I would also like to express my gratitude to our customers and business partners for their support and faith in us. I look forward to working together with everyone to continue building on the trust and confidence of our business.

Without a doubt, FY2019 has been our annus horribilis and as we enter into the new financial year ahead, we remain committed to serving our shareholders and steadfast in our intent of enhancing shareholder returns. We plan to do this by exploring and leveraging on the strengths of our controlling shareholders in further developing opportunities.

We appreciate all stakeholders and shareholders' trust towards a better future for DLF in the years to come.

DLF Holdings Ltd  
**Fan Chee Seng**

# OPERATION AND FINANCIAL REVIEW

Our Group is a Singapore-based M&E engineering services and solutions service provider. Our core business is in the provision of (i) M&E engineering services, (ii) project management services; and (iii) turnkey contracting services.

Our Group generally operates as a sub-contractor for our M&E engineering services, project management services and has the capabilities to undertake projects as a main-contractor, in particular, in relation to our turnkey contracting services. We have developed extensive expertise as an M&E engineering services and solutions provider, and have built up a strong network with well-established customers who are often engaged in projects in Singapore and the region.

As a project management services provider, we provide M&E services/solutions and management services in different segments which apart from the usual scope of M&E, we provide mainly strategic management role and working capital to execute a project.

Our Group also provides turnkey contracting services where we are responsible for the overall planning, coordination and supervision of our projects.

No revenue was derived from turnkey contracting services and project management services for FY2019. The Group's turnkey contracting services projects for the Maldives Project was terminated on 5 February 2019. As for M&E services, most projects were completed in FY2018, which resulted in the M&E services experiencing a decrease of S\$2.6 million in revenue from FY2018. The Group's project management services which was performed by its 80%-owned subsidiary, DLF Prosper Venture Pte. Ltd. also stopped in FY2019 due to the termination of its provision of project co-ordination and management services to support the construction of the living quarters of a marine admiralty yard.

The Group's cost of sales mainly comprised of material costs, sub-contractor costs, labour costs and rental of equipment. Cost of sales was S\$0.6 million, approximately 60% of our total revenue for FY2019. Cost of sales decreased by 96% as compared to FY2018, which was in line with the decrease in total revenue.

The Group's gross profit was S\$0.4 million in FY2019 as compared to gross profit of S\$1.7 million in FY2018, mainly as a result of lower revenue reported.

The Group's other operating income are mainly interest income and sundry income which was lower compared to FY2018 due to the decrease of government grants.

The Group's selling and distribution expenses arise from advertising, marketing and entertainment activities. These expenses remained low and insignificant in FY2019.

Administrative expenses comprised mainly staff salaries, directors' remuneration, professional fees, insurance premium and depreciation expenses. Administrative expenses for FY2019 were S\$2.3 million which was 46% lower than FY2018, mainly due to lower staff salaries, and professional fees as the Group's effort on cost cutting measures.

Other operating expenses comprised mainly provision for doubtful debts, receivables written off, and loss on disposal of fixed assets. Other operating expenses in FY2019 were S\$1.9 million which was slightly lower as compared to FY2018 of S\$2.4 million.

Finance costs comprised mainly interest expenses for bank loans, bank overdrafts, bills payable and finance lease. The decrease is due to lower finance lease liability and bank borrowings.

Despite the decline in business activities, the Group registered a lower loss of S\$3.7 million after tax as compared to S\$5.2 million loss after tax in FY 2018. This was as a result of significantly lower operating expenses in FY2019.

# FINANCIAL HIGHLIGHTS

<b>For the Year</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>% Change</b>
<b>Revenue</b>			
1st Half	9,537,394	740,774	(92.2%)
2nd Half	6,774,151	263,784	(96.1%)
Total	16,311,545	1,004,558	(93.8%)
<b>Profit / (Loss) After Tax</b>			
1st Half	1,821,117	(5,685,553)	Not meaningful
2nd Half	(7,004,456) <sup>1</sup>	2,007,317	Not meaningful
Total	(5,183,339)	(3,678,236)	(29.0%)
<b>Equity</b>			
Share Capital	9,499,017	9,499,017	
Reserves	(2,621,264)	(2,621,264)	
Accumulated losses	(6,234,706) <sup>1</sup>	(9,817,924)	
Total Equity attributable to owners of the Company	643,047	(2,940,171)	
Borrowings	1,168,298	1,748,222 <sup>2</sup>	
Total Asset	6,261,486	2,883,877	
Net Assets/ (Liabilities)	764,165	(2,914,071)	
<b>Financial Ratio</b>			
Basic and fully diluted basis (LPS) (cents) <sup>3</sup>	(4.82)	(2.96)	
Net Assets/ (Liabilities) Value Per Share (cents)	0.63	(2.41)	
Total Debt to Total Equity	1.53	Not meaningful	

## Notes:

- 1 Operating losses after tax includes a prior year adjustment amounting to S\$5.46m
- 2 Include shareholders' loan of \$700,000 granted during the year
- 3 The Company does not have potential dilutive instruments.

# DIRECTORS AND KEY EXECUTIVES

**Mr Fan Chee Seng** is the Executive Chairman, Executive Director and founder of our Group. He was appointed as Director of our Company on 3 May 2018. Mr Fan is responsible for leading and implementing our Group's long-term strategy, vision and mission and the overall management, strategic planning and business development of our Group.

Mr Fan has been instrumental in the development of our Group over the years and he is responsible for the overall management and operations of the business of our Group. Mr Fan was also responsible for securing major projects of our Group from five-star luxury hotels such as The St. Regis Singapore, Concorde Hotel Singapore, Four Seasons Hotel Singapore, Sheraton Towers Singapore, Pan Pacific Singapore, InterContinental Hotel Singapore and Hilton Singapore and supply of hoses for offshore oil loading to leading players.

Mr Fan had more than 15 years of experience in working for various multinational corporations which are in the business of manufacturing and/or the supply of pumps. Prior to establishing our Group, Mr Fan worked in Gadelius Pte Ltd from 1982 to 1986 as a sales executive and Grundfos Singapore Pte Ltd from 1986 to 1990 as a sales manager. From 1990 to 1993, he worked in STA-Rite Industries, LLC where he was in charge of establishing the Singapore branch office. From 1993 to 1998, he was with Ebara Corporation where he was in charge of sales of pumps in the regional markets.

Mr Fan holds a Graduate Diploma in Shipbuilding and Repair Technology from Ngee Ann Technical College.

**Mr Foo Kia Juah** is the Lead Independent Non-Executive Director of our Group and he was appointed to our Company on 12 December 2019. He is the Chairman of both the Remuneration Committee and Nominating Committee.

Mr Foo is a retired senior police officer, who had contributed three decades of service to the Singapore Police Force. During his stint with the Singapore Police Force, he had served as Chief Investigating Officer in the Commercial Crime Division, CID and various other commander positions, which included Commander of Jurong Police Division and Central Police Division. He also held the positions of Director Training, Director Police Academy and Director of Public Affairs Department. One of the accolades he received was the Public Service Star for his role in the successful rescue of all the passengers and crew of a Singapore Airline plane hijacked in 1991.

Mr Foo is presently holding directorships of Bin Keow Brickworks Pte Ltd, Bin Keow Industrial Pte Ltd, Buildtah Industrial Pte Ltd, and Thomson Pacific Asset Management Pte Ltd. These companies are non-listed companies incorporated in Singapore.

Mr Foo graduated from Nanyang University with an Honours degree in Government & Public Administration.

# DIRECTORS AND KEY EXECUTIVES

**Mr Kok Cheang Hung** is an Independent Non-Executive Director of our Group and he was appointed to our Company on 12 December 2019. He is the Chairman of the Audit Committee.

Mr Kok is currently the Managing Director of Stellans Capital Pte. Ltd. and also serves as an Independent Non-Executive Director of Kronologi Asia Berhad, a Bursa Malaysia listed company, where he is the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees.

He is also currently in the Finance Committee of the Singapore Institute of Directors (SID). With 25 years of global capital markets, investment, corporate governance and senior management experiences, he has served the interest of several investment, financial services institutions and stock exchanges. Mr Kok is experienced in international investments, fund raising (debt, mezzanine and equity) and private equity. He has lived and worked in ASEAN, the Middle East and Africa.

Mr Kok holds a Master of Finance from RMIT University in Australia. He also graduated with Bachelor of Science with Honours in Mathematics from the University of Malaya, Malaysia, where he was granted a special direct admission into the 2nd year of a 4-years Science honours programme.

**Mr Tee Hian Chong** is an Independent Non-Executive Director of our Group and he was appointed to our Company on 12 December 2019. He is the member of the Remuneration Committee, Nominating Committee and Audit Committee.

Mr Tee is currently the Managing Director of Eightyeight Solutions Pte Ltd and he is responsible for overseeing the operation of the company who is a provider of technical IT services for Small and Medium Enterprises. Mr Tee was previously working in Singapore Workforce Development Agency (WDA) from year 2008 to 2013 as a Senior Manager.

Mr Tee has in-depth experiences and knowledge in new technologies like blockchain, AI, which is aligned with the new controlling shareholder's background as a technology company. Mr Tee's previous public sector experience with the Singapore Workforce Development Agency is also deemed as useful background for the Company.

Mr Tee holds a Bachelor of Business Administration from Monash University (Australia).

# DIRECTORS AND KEY EXECUTIVES

**Mr Yusaku Mishima** is a Non-Independent Non-Executive Director of our Group and he was appointed to our Company on 12 December 2019. He is the member of the Remuneration Committee, Nominating Committee and Audit Committee.

Mr Mishima is the Company board's representative of the controlling shareholder, QRC Pte Ltd. Prior to joining the Group, Mr Mishima was working in the Embassy of Japan in Kingdom of Bahrain (2010 - 2012) as an Administrative Officer, Daiichi Seiko Co., Ltd. (2013 - 2014) as a Marketing Officer, Backoffice Co., Ltd. (2015 - 2018) as a Senior Consultant. He is currently holding directorships and is a Chief Executive Officer of several Infinity Blockchain Group of companies.

Mr Mishima graduated with a Bachelor of Science in Biochemistry with minor in Economics from McGill University.

**Mr Taku Edatsune** is Head of Finance and Administration of our Group. He was appointed as Head of Finance and Administration of our Group on 12 March 2020. He is responsible for our Group's financial and accounting matters and its compliance with financial reporting and regulatory requirements. He also handles other general affairs and administrative matters of the Company.

Prior to joining our Group, Mr. Edatsune was working as Finance Manager at Infinity Blockchain Holdings Pte Ltd, Corporate Planning Manager at MIMS Pte Ltd and Assistant Manager at Deloitte LLP, UK.

Mr. Edatsune holds a Master of Business Administration, London Business School, Bachelor of Liberal Arts, University of Tokyo and has passed all the necessary examinations and working experience requirement for the Japanese Institute of Certified Public Accountants.

# CORPORATE GOVERNANCE REPORT

The board of directors (the “Board” or “Directors”) of DLF Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) are strongly committed to high standards of corporate governance which are essential to the stability and sustainability of the performance of the Company and its subsidiaries (the “Group”), promotion of corporate transparency, accountability and integrity of the Group, protection of the interests of the Company’s shareholders (“Shareholders”) and maximisation of long-term shareholder value.

The Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) requires all listed companies to describe in their annual reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance dated 6 August 2018 (the “Code”).

The Company is pleased to report on its corporate governance processes and activities as required by the Code (“Report”). For easy of reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

The Board confirmed that for the financial year ended 31 December 2019 (“FY2019”), the Company has generally adhered to the principles and provisions as set out in the Code, save as otherwise explained below. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies.

## BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

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

#### Our Policy and Practices:

The principal functions of the Board, apart from its statutory responsibilities, are:

- Reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company;
- Monitoring financial performance, including approval of the full year and interim financial reports of the Company;
- Approving major investment and funding decisions;
- Reviewing the evaluation process on the adequacy of internal controls, risk management, financial reporting and compliance;
- Overseeing the business and affairs of the Company, establishing the strategies and financial objectives to be implemented by the Management and monitoring the performance of the Management;
- Identifying the key stakeholder groups whose perceptions affect the Company’s reputation;
- Setting the Company’s values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met;
- Considering sustainability issues such as environmental and social factors, as part of its strategic formulation;
- provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables the identification, assessment and management of risks, including safeguarding of Shareholders’ interests and the Group’s assets; and
- provide oversight of the proper conduct of the Group’s business and assume responsibility for corporate governance.

More than one-third of the Board is made up of Independent Directors who are independent of the Management and substantial shareholders.

# CORPORATE GOVERNANCE REPORT

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. Every Executive Director receives appropriate training to develop individual skills in order to discharge his duties. The Group also provides information about its history, mission and values to the Directors. The Directors may, at any time, visit the Group's construction sites in order to gain a better understanding of business operations. There are also update sessions to inform the Directors on new legislations and/or regulations which are relevant to the Group. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Directors' disclosure obligations, Directors are briefed at Board meetings.

All the Directors are informed and encouraged to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to discharge their duties as directors. The training programmes are conducted by the SID, the SGX-ST, and business and financial institutions and consultants in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties. They also attended briefings on the roles and responsibilities as directors of a listed company in Singapore. All the costs are borne by the Company.

Newly-appointed Directors will be briefed on the business and organisation structure of the Group and its strategic plans and objectives. Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from the Management. The Company will also provide training within one year from the date of appointment for any Director who has no prior experience as a director of a Singapore public listed company as prescribed by the SGX-ST under Rule 406(3)(a) and Practice Note 4D of the Catalyst Rules. The newly appointed Directors namely, Mr Yuksaku Mishima, Mr Foo Kia Juah, Mr Kok Cheang Hung and Mr Tee Hian Chong have also participated in a training conducted by a Singapore legal firm in respect of directors' duties, compliance with SGX-ST listing manual, notice and disclosure obligations and insider trading regulations. The training of the Directors have been and will be arranged and funded by the Company.

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Fan Chee Seng - Executive Chairman  
Yuksaku Mishima - Non-Independent Non-Executive Director (Appointed on 12 December 2019)  
Foo Kia Juah - Lead Independent Non-Executive Director (Appointed on 12 December 2019)  
Kok Cheang Hung - Independent Non-Executive Director (Appointed on 12 December 2019)  
Tee Hian Chong - Independent Non-Executive Director (Appointed on 12 December 2019)

Every company should be headed by an effective Board to lead and control the company. The Board understands the Group's business as well as its duties and is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board. The Board oversees the Management of the Company. It focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Director.

Every Director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively take decisions in the interest of the Company. Any Director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict.

To assist the Board in the execution of its responsibilities, various Board committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") that are headed by Independent Directors, have been established and delegated with certain functions. The chairman of the respective committees will report to the Board on the outcome of the committee meetings and their recommendations on the specific agendas mandated to the committees by the Board. Further details of the scope and functions of the various committees are provided below in this Report.

The Board holds at least two scheduled meetings each year to review and deliberate on the key activities and business strategies of the Group, including significant acquisitions and disposals, annual budget, financial performance and to endorse the release of the half-yearly and annual financial results. Where necessary, additional meetings are held to address significant transactions or issues arising from the business operations of the Group.

# CORPORATE GOVERNANCE REPORT

The Constitution of the Company provides for Directors to conduct meetings by teleconferencing, videoconferencing, audio-visual or other electronic means of communication. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The attendance of the Directors at meetings of the Board and the Board committees during FY2019 is tabulated below:-

	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>Total number of meetings held</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>Number of meetings attended by respective directors</b>				
<b>Executive Directors</b>				
Mr Fan Chee Seng	5	3*	1*	1*
Mr Wong Ming Kwong <sup>(1)</sup>	1	1*	1*	1*
<b>Independent Directors</b>				
Mr Wu Chiaw Ching <sup>(2)</sup>	1	1	1	1
Mr Yong Siak Hoong <sup>(3)</sup>	1	1	1	1
Mr Yip Shee Yin <sup>(4)</sup>	1	1	1	1
Mr Chan Kam Loon <sup>(5)</sup>	3	1	-	-
Mr Low Chai Chong <sup>(6)</sup>	3	1	-	-
Mr Teo Choon Kow @ William Teo <sup>(7)</sup>	3	1	-	-
Mr Foo Kia Juah <sup>(8)</sup>	1	1*	-	-
Mr Kok Cheang Hung <sup>(9)</sup>	1	1	-	-
Mr Tee Hian Chong <sup>(10)</sup>	1	1	-	-
<b>Non-Independent Executive Director</b>				
Yuksaku Mishima <sup>(11)</sup>	1	1	-	-

\* By Invitation

Change of composition of the Board and Reconstitution of Board Committees during FY2019: -

- (1) Resolution relating to the re-election of Mr Wong Ming Kwong as a Director of the Company was not passed at the Annual General Meeting of the Company held on 30 April 2019. Accordingly, Mr Wong ceased to be a Director and stepped down as the Chief Executive Officer of the Company with effect from the same date.
- (2) Resolution relating to the re-election of Mr Wu Chiaw Ching as a Director of the Company was not passed at the Annual General Meeting of the Company held on 30 April 2019. Accordingly, Mr Wu ceased to be a Director and relinquished his position as Lead Independent Non-Executive Director and Chairman of the Audit Committee as well as a member of the Nominating Committee and Remuneration Committee with effect from the same date.
- (3) Resolution relating to the re-election of Mr Yong Siak Hoong as a Director of the Company was not passed at the Annual General Meeting of the Company held on 30 April 2019. Accordingly, Mr Yong ceased to be a Director and relinquished his position as Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee with effect from the same date.
- (4) Resolution relating to the re-election of Mr Yip Shee Yin as a Director of the Company was not passed at the Annual General Meeting of the Company held on 30 April 2019. Accordingly, Mr Yip ceased to be a Director and relinquished his position as Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nominating Committee with effect from the same date.
- (5) Mr Chan Kam Loon was appointed as Lead Independent Non-Executive Director on 30 May 2019. He resigned as Lead Independent Director with effect from 12 November 2019 and relinquished his position as Chairman of the Audit Committee as well as member of the Nominating Committee and Remuneration Committee with effect from the same date.

# CORPORATE GOVERNANCE REPORT

- (6) Mr Low Chai Chong was appointed as an Independent Non-Executive Director on 30 May 2019. He resigned as an Independent Non-Executive Director with effect from 12 November 2019 and relinquished his position as Chairman of the Nominating Committee as well as member of the Audit Committee and Remuneration Committee with effect from the same date.
- (7) Mr Teo Choon Kow @ William Teo was appointed as an Independent Non-Executive Director on 30 May 2019. He resigned as an Independent Non-Executive Director with effect from 12 November 2019 and relinquished his position as Chairman of the Remuneration Committee as well as member of the Audit Committee and Nominating Committee with effect from the same date.
- (8) Mr Foo Kia Juah has been appointed as Lead Independent Non-Executive Director with effect from 12 December 2019. He has also been appointed as Chairman of the Nominating Committee and Remuneration Committee with effect from the same date.
- (9) Mr Kok Cheang Hung has been appointed as an Independent Non-Executive Director with effect from 12 December 2019. He has also been appointed as Chairman of the Audit Committee with effect from the same date.
- (10) Mr Tee Hian Chong has been appointed as an Independent Non-Executive Director with effect from 12 December 2019. He has also been appointed as a member of the Audit Committee, Nominating Committee and Remuneration Committee with effect from the same date.
- (11) Mr Yuksaku Mishima has been appointed as a Non-Independent Non-Executive Director with effect from 12 December 2019. He has also been appointed as a member of the Audit Committee, Nominating Committee and Remuneration Committee with effect from the same date.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved. In addition, Directors should consult the NC before accepting any new appointments as directors. The NC has addressed the competing time commitments faced by Directors serving on multiple boards and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The Board has determined that a Director may hold up to 5 listed company board representations. None of the Directors of the Company sits on the boards of more than 5 listed companies.

The profile of each Director and other relevant information as at the date of this Report are set out on pages 9 to 11 of the Annual Report. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

Material matters which specifically require the Board's decision or approval are clearly communicated with the Management which include the following corporate matters:

- (i) Announcement of financial statements;
- (ii) Interested persons transactions;
- (iii) Declaration of interim dividends and proposal of final dividends;
- (iv) Convening of shareholders' meetings;
- (v) Change in business direction;
- (vi) Share issuance and corporate or financial re-structuring;
- (vii) Authorisation of merger and acquisition transactions; and
- (viii) Authorisation of major transactions.

# CORPORATE GOVERNANCE REPORT

The Board is provided with adequate and timely information prior to Board meetings and on an on-going basis and Board papers are distributed in advance of each meeting to enable the Directors to make informed decisions and discharge their duties and responsibilities. The Company circulates copies of the minutes of the meetings of all board committees to all members of the Board to keep them informed of on-going developments within the Group.

The Directors have separate and independent access to the Company's Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Board Chairman or the Chairman of the Committees requiring such advice) will be appointed at the Company's expenses.

The Company Secretary attends the Company's Board, AC, RC and NC meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary's role is also to advise the Board on governance matters and to assist the Board in ensuring that the Company complies with rules and regulations which are applicable to the Company. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

## BOARD COMPOSITION AND GUIDANCE

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

The Board currently has five (5) Directors and comprises one (1) Executive Director, three (3) Independent Non-executive Directors and one (1) Non-independent Non-executive Director.

The Board is supported by various board committees, namely, the NC, AC and RC whose functions are described below. The non-executive Directors have been able to exercise objective judgement independently from Management and substantial shareholders and no individual or small group of individuals dominate the decisions of the Board.

The Board has adopted the Code's criteria of an independent director in its review. An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment in the best interests of the Company.

In addition, the NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and Rule 406(3)(d) of the Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules. There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

As such, the Board has a strong and independent element with majority of the Board being made up of independent and non-executive Directors.

As the Chairman of the Board is not independent, the Company fulfils the Code's requirements with a majority of the Board being made up of Independent Non-executive Directors. The Company also believes that the Independent Directors should be selected for their diverse expertise so that they can provide a balance of views.

The independence of each Independent Director will be reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review. The NC and the Board are of the view that all of the Company's Independent Non-executive Directors have satisfied the criteria of independence as a result of its review.

There are no Independent Directors who has served on the Board beyond nine (9) years from the date of his first appointment.

# CORPORATE GOVERNANCE REPORT

The Board of the Company comprises the following Directors: -

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of appointment
Fan Chee Seng	Chairman	03.05.2018	30.04.2019	Executive/Non-independent
Foo Kia Juah	Lead Independent Director	12.12.2019	N/A	Non-executive/Independent
Kok Cheang Hung	Director	12.12.2019	N/A	Non-executive/Independent
Tee Hian Chong	Director	12.12.2019	N/A	Non-executive/Independent
Yuksaku Mishima	Director	12.12.2019	N/A	Non-executive/Non-independent

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Group's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning. In particular, the Executive Director who has more than 20 years of experience in the M&E industry including business and management, engineering and industry as well as in the government and public sectors. Some Directors have in-depth experiences and knowledge in new technologies such as in the blockchain industry. The NC considers that the Board's present size is adequate for effective debate, strategic decision-making and in exercising accountability to Shareholders and delegating authority to the Management, taking into account the nature and scope of the Group's operations. As the Group's activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective. The NC will further consider other aspects of diversity such as gender and age, and assist the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate.

The profiles of each of the Directors are provided on pages 9 to 11 of this Annual Report. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and oversee the Company.

The non-executive Directors are also involved in reviewing the corporate strategies, business operations and practices of the Group, as well as reviewing and monitoring the performance of Management in achieving agreed goals and objectives. The non-executive Directors do confer with the external auditors at least once a year and whenever necessary to discuss issues without the presence of Management.

The Independent Directors will meet or communicate amongst themselves without the presence of the Management and provide feedback to the management following the meeting. The current Independent Directors have met up twice during FY2019.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr Fan Chee Seng, the Executive Chairman of the Company, is responsible for formulating corporate strategies, oversee the overall management of the Group, leading the Group's marketing and business development activities as well as ensuring the smooth operation of the Group. There is no chief executive officer being appointed currently. The Group is planning to appoint an executive to explore the new business opportunities in the blockchain industry.

The Board is of the view that as all major decisions are made in consultation with the Board and with the establishment of the three Board Committees, there are adequate safeguards in place to ensure accountability and unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

# CORPORATE GOVERNANCE REPORT

The Chairman, in consultation with the Board, ensures:

- (i) leading the Board to ensure its effectiveness on all aspects of its role;
- (ii) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (iii) promoting a culture of openness and debate at the Board;
- (iv) ensuring that the Directors receive complete, adequate and timely information;
- (v) ensuring effective communication with Shareholders;
- (vi) encouraging constructive relations within the Board and between the Board and the Management;
- (vii) facilitating the effective contribution of Non-Executive Directors;
- (viii) encouraging constructive relations between Executive Directors and Non-Executive Directors; and
- (ix) promoting high standards of corporate governance.

In view that the Executive Chairman is not regarded as independent, Mr Foo Kia Juah as Lead Independent Director will be available to Shareholders where they have concerns for which contact through normal channels of communication with the Executive Chairman or Management are inappropriate or inadequate. In addition to the above, when it is necessary, the Independent Directors shall meet without the presence of the other Directors and the Lead Independent Director shall provide feedback to the Chairman after such meetings. Shareholders can send their enquiries through email at [fookj@dlfholdings.sg](mailto:fookj@dlfholdings.sg).

To enhance and encourage communication with Shareholders and investors can send their enquiries through email at [enquiry@dlfholdings.sg](mailto:enquiry@dlfholdings.sg).

## BOARD MEMBERSHIP

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

The NC comprises the following members, all of whom are Non-Executive and Independent.

Mr Foo Kia Juah (Chairman of NC and Lead Independent Non- Executive Director)  
Mr Tee Hian Chong (Member and Independent Non-Executive Director)  
Mr Yuksaku Mishima (Member and Non-Independent Non-Executive Director)

The NC's key terms of reference, describing its responsibilities, include:-

- (a) Reviewing and recommending the appointment and re-appointment of the Directors having regard to the Director's contribution and performance, including attendance, preparedness and participation;
- (b) Determining on an annual basis whether or not a Director is independent in accordance with the Code;
- (c) Reviewing the training and professional development programs for the Board;
- (d) Reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as director; and
- (e) Deciding on how the Board's performance is to be evaluated and proposing objective performance criteria subject to the approval by the Board.
- (f) The review of succession plans for the Company's Directors, in particular, the appointment and/or replacement of the Executive Chairman and key management personnel;

# CORPORATE GOVERNANCE REPORT

The NC leads the process and makes recommendations to the Board for the selection and approval of appointment of new Directors as follows:

- (i) reviewing and approving key executive employment of related persons and proposed terms of their employment.
- (ii) evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with the Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (iii) while existing Directors and the Management may make suggestions, seeks external help where necessary to source for potential candidates;
- (iv) meets with short-listed candidates to assess their suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- (v) makes recommendations to the Board for approval.

At present, no alternative Director has been appointed to the Board.

The NC's assessment of the independence of a Director is guided by the Code and takes into account factors such as relationship with the Company, its related corporations, its substantial shareholders or its officers and whether these relationships interfere with his business judgements. The NC has reviewed the independence of Mr Foo Kia Juah, Mr Kok Cheang Hung and Mr Tee Hian Chong and is satisfied that there are no relationships which would deem any of them not to be independent.

Regulations 104 and 106 (1) of the Constitution of the Company provide that one-third of the Directors (or, if their number is not three or a multiple of three, the number nearest one-third) shall retire from office by rotation and are eligible for re-election at each annual general meeting ("AGM"). All Directors are required to retire from office at least once in every three (3) years. Newly appointed Directors shall hold office only until the next AGM and are eligible for re-election at the AGM pursuant to Regulation 114 of the Constitution of the Company. Shareholders approve the election and re-election of Board members at the AGM.

The NC also determines whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the results of the assessment undertaken in relation to the effectiveness of the individual Director and the respective Director's actual conduct on the Board. The NC is satisfied that all Directors have been able to and have adequately carried out their duties as Directors notwithstanding their multiple board representations.

The NC and the Board are of the view that there should not be any restriction to the number of board representations that each Director may take up as multiple board representations do not necessarily hinder the Directors from carrying out their duties. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

The NC assesses and recommends to the Board the retiring directors to be re-elected at the forthcoming AGM, having regard to their contribution and performance.

The NC has recommended and the Board has agreed for the following directors to retire and seek for re-election at the forthcoming AGM:

- a) Mr Fan Chee Seng (retiring under Regulation 104 of the Constitution of the Company);
- b) Mr Foo Kia Juah (retiring under Regulation 114 of the Constitution of the Company);
- c) Mr Kok Cheang Hung (retiring under Regulation 114 of the Constitution of the Company);
- d) Mr Tee Hian Chong (retiring under Regulation 114 of the Constitution of the Company); and
- e) Mr Yuksaku Mishima (retiring under Regulation 114 of the Constitution of the Company).

Mr Fan Chee Seng will, upon re-election as Director, remain as Executive Chairman.

# CORPORATE GOVERNANCE REPORT

Mr Foo Kia Juah (Lead Independent Non-Executive Director) will, upon re-election as Director of the Company, continue to serve as the Chairman of the Remuneration Committee and Nominating Committee and he will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist of the SGX-ST.

Mr Kok Cheang Hung (Independent Non-Executive Director) will, upon re-election as Director of the Company, continue to serve as Chairman of the Audit Committee and he will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist of the SGX-ST.

Mr Tee Hian Chong (Independent Non-Executive Director) will, upon re-election as Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and he will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist of the SGX-ST.

Mr Yuksaku Mishima (Non-Independent and Non-Executive Director) will, upon re-election as Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and he will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist of the SGX-ST.

Each member of the Nominating Committee will not participate and shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a director of the Company. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

## BOARD PERFORMANCE

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

The NC is responsible for assessing the effectiveness of the Board as a whole and its Board Committees, as well as the contribution of each individual Director to the effectiveness of the Board, and has adopted the guidelines for formal annual assessment of such. The NC has performed this formal annual assessment for FY2019.

The NC has also established a review process and proposed performance criteria set out in assessment checklists which are approved by the Board. These performance criteria will not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify such changes.

The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other principal commitments; and
- Assessment of the individual Directors' performance based on the criteria set out in Principle 5 of this report.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

# CORPORATE GOVERNANCE REPORT

The RC comprises entirely of Non-executive Directors, majority of whom, including the Chairman of the RC, is independent:-

Mr Foo Kia Juah (Chairman of RC and Lead Independent Non-Executive Director)  
Mr Tee Hian Chong (Member and Independent Non-Executive Director)  
Mr Yuksaku Mishima (Member and Non-Independent Non-Executive Director)

The principal functions of the RC, regulated by written terms of reference and undertaken by the RC during FY2019, include the following:

- (a) To recommend to the Board all matters relating to the specific remuneration packages, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, of the Directors and key management personnel as well as to ensure the termination terms are fair;
- (b) To review and ensure that the remuneration framework of the Directors and key management personnel should be aligned with the long-term interest and risk policies of the Company;
- (c) To structure a significant and appropriate proportion of Executive Director's and key management personnel's remuneration so as to link rewards to corporate and individual performances. Such remuneration should also be aligned with the interests of shareholders and promote the long-term success of the Company; and
- (d) To review and ensure that the remuneration of Non-executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors and they should not be over-compensated to the extent that their independence may be compromised.

The RC is responsible for ensuring a formal and transparent procedure for developing an appropriate executive remuneration policy and a competitive framework. The RC has recommended to the Board a framework of remuneration which covers various aspects of remuneration, including but not limited to, directors' fees, salaries, allowances, bonuses, and benefits-in-kind, and the specific remuneration packages for each Executive Director and key management personnel in order to retain and motivate each of them to run the business and operations successfully.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration. External remuneration consultant's advice will be sought, where necessary, when a major remuneration review is conducted.

Each member of the RC will abstain from voting on any resolutions in respect of his remuneration package.

## LEVEL AND MIX OF REMUNERATION

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

In recommending a remuneration framework, the RC takes into account the performance of the Group as well as the Directors and key management personnel, aligning their interests with those of Shareholders and linking rewards to corporate and individual performance as well as industry benchmarks.

The remuneration of the Non-Executive Directors and Independent Directors are set out in accordance with a framework comprising basic directors fees and Board Committees' fees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. Directors' fees are paid subject to approval of Shareholders at each Annual General Meeting.

There are no contractual provisions to allow the Company to reclaim incentive components of remunerations from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Director owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE REPORT

The Company had entered into separate service agreement with the Executive Chairman, Mr Fan Chee Seng in which the terms of his employment is stipulated. His initial term of employment is for a period of three (3) years from the date of admission of the Company to the Catalist (being 25 July 2018) and thereafter, his employment is renewed annually subject to termination clauses in the service agreement. The service agreement may be terminated by either party by giving not less than six (6) months' prior written notice. Under the service agreement, he will also be entitled to an annual performance bonus based on the Group's consolidated profit before tax for each financial year.

The Non-Executive Directors (including the Independent Directors) are paid a base fee. An additional fee can be paid to Non-Executive Directors for serving on any of the board committees. Such fees are pro-rated if a Director serves for less than one (1) year. The Directors' fees are subject to approval by Shareholders at the AGM.

The Company has adopted the Employee Share Option Scheme (the "ESOS") on 19 June 2018 prior to its listing on the Catalist board of the SGX-ST. The ESOS shall be administered by the RC. The purpose of the ESOS is to provide an opportunity for full-time employees of the Group and Directors (excluding Independent Directors) who have met performance targets (the "Selected Person") to participate in the equity of the Company (in addition to cash bonuses) so as to motivate them towards greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. The ESOS, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain employees whose services are vital to the success of the Group. Provided always that the aggregate number of the shares arising from ESOS shall not exceed 15% of the total number of issued Shares of the Company from time to time, the Selected Person would receive the same benefit from a contingent award under the scheme ("Award") in respect of fewer shares as they would receive if share options were granted instead of a larger number of shares. The ESOS would therefore allow the Company to provide the incentive to employees while reducing the dilutive effect on shareholders.

Under the rules of the ESOS, the options that are granted may have exercise prices that are, at the RC's discretion, set at the price ("Market Price") equal to the average of the last dealt prices for the Company's ordinary shares ("Shares") on the Catalist for the five consecutive trading days immediately preceding the relevant date of grant of the relevant option, or (provided that Shareholders' approval is obtained in a separate resolution) at a discount to the Market Price (subject to a maximum discount of 20% or such other percentage or amount as may be determined by the RC and as permitted by the SGX-ST). Options which are fixed at the Market Price may be exercisable at any time by the participant after the first anniversary of the date of grant of that option while options granted at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option. Options granted under the Scheme will have a life span of ten (10) years. The options may be exercisable in whole or in part, on payment of the exercise price. Since its adoption till the date of this report, no option has been granted under the ESOS.

In addition to the ESOS, the Company has adopted the Performance Share Plan (the "PSP") on 19 June 2018 prior to its listing on the Catalist board of the SGX-ST. The PSP was implemented to complement the ESOS and to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to promote higher performance, goals and recognise exceptional performance. The purpose of adopting the PSP is to give the Company greater flexibility to align the interests of employees, especially key executives, with the interests of Shareholders. The PSP is managed by the RC. No performance share has been granted under the PSP since its adoption up to the date of report. The awards granted under the PSP allow a participant to receive fully-paid Shares free of consideration upon achieving the performance target(s) prescribed by the RC at its absolute discretion. The selection of a participant and the number of Shares which are the subject of each award granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the RC. RC plans to exercise this discretion judiciously, taking into account criteria such as his rank, job performance, years of service and potential for further development, his contribution to the success and development of the Company and the extent of effort required to achieve the performance target within the performance period.

In setting remuneration packages, the Company keeps in mind the pay and employment conditions within the industry and in comparable companies. The level and structure of remuneration should be aligned with the Company's long-term interest and risk policies and appropriate to attract, retain and motivate the Directors and the key management personnel to respectively provide good stewardship of the Company and manage the Company effectively. If required, the Company will engage professional advice to provide guidance on remuneration matters.

# CORPORATE GOVERNANCE REPORT

## DISCLOSURE ON REMUNERATION

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

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of the remuneration of the Directors paid or payable in respect of FY2019 is as follows:

	Base/ Fixed Salary	Performance- related income	Directors' Fees 20191	Benefit-in -Kind	Total
Mr Fan Chee Seng	360,000	-	-	-	360,000
Mr Wong Ming Kwong**	36,000	-	-	-	36,000
Mr Yuksaku Mishima*	-	-	-	-	-
Mr Foo Kia Juah*	-	-	1,909.09	-	1,909.09
Mr Kok Cheang Hung*	-	-	1,909.09	-	1,909.09
Mr Tee Hian Chong*	-	-	1,909.09	-	1,909.09
Mr Yip Shee Lin**	-	-	14,333.33	-	14,333.33
Mr Wu Chiaw Ching**	-	-	14,333.33	-	14,333.33
Mr Yong Siak Hoong**	-	-	14,333.33	-	14,333.33
Mr Chan Kam Loon**	-	-	19,281.75	-	19,281.75
Mr Low Chai Chong**	-	-	19,281.75	-	19,281.75
Mr Teo Choon Kow**	-	-	19,281.75	-	19,281.75

Notes:

\* Newly appointed in 2019

\*\* Ceased in 2019

1. In respect of FY2020, the amount of Directors' Fees proposed to be payable to the Non-Executive Directors (including the Independent Directors) are subject to the approval of Shareholders at the forthcoming AGM.

No Director has been granted share-based award during FY2019.

The remuneration of the Key Management Personnel for the financial year 31 December 2019 are as follows:

Name of Key Executives	Salary	Bonus	Fees
Mr Koh Seng Chye	24,000	-	-
Ms Yeo Gek Eng	40,000	-	-
Mr Lam Kok Weng	18,519	-	-
Mr Chong Kwang Shih	58,000	28,000	-

The aggregate amount of remuneration paid to Key Management Personnel above was S\$168,519.05 in FY2019.

# CORPORATE GOVERNANCE REPORT

The Executive Director and key management personnel are not entitled to any benefits upon termination, retirement or post-employment.

Save as disclosed above there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director or a substantial shareholder and whose remuneration exceeds S\$100,000 during FY2019.

No options or shares have been issued under the ESOS and Performance Share Plan respectively during FY2019.

## 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.**

The Company does not have a separate risk management committee. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. 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 oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The internal auditors conduct annual reviews of the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Company has appointed internal auditors, Wensen Consulting Asia (S) Pte. Ltd., to conduct internal audit review based on an agreed scope of review for FY2019.

The Board has received assurance from the Executive Chairman and the Head of Finance and Administration (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2019 give a true and fair view of the Company's operations and finances, and (b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the Executive Chairman and the Head of Finance and Administration referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) as at 31 December 2019.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

### Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three members, all of whom are Non-Executive Directors:-

Mr Kok Cheang Hung (Chairman of AC and Independent Non-Executive Director)  
Mr Tee Hian Chong (Member and Independent Non-Executive Director)  
Mr Yuksaku Mishima (Member and Non-Independent Non-Executive Director)

The majority of the AC, including the Chairman of the AC, is independent. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. Most of the members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions. The AC holds at least two meetings in each financial year.

The written terms of reference of the AC have been approved and adopted, and they include the following:-

- (a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response, and monitoring the implementation of the internal control recommendations made by the external and internal auditors;
- (b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, prior to the incorporation of such results in the Company's annual report;
- (c) reviewing the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards (international) as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;
- (d) reviewing and discussing with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;
- (f) reviewing the audit plan of the external auditor and the result of the external auditor's review and evaluation of the Group's system of internal accounting controls that are relevant to the statutory audit;
- (g) making recommendations to the Board on the proposals to the Shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (h) reviewing the audit plan of the internal auditor, including the results of the internal auditor's review and evaluation of the Group's system of internal controls;
- (i) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approving interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of the Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;
- (j) reviewing potential conflicts of interests (if any);

# CORPORATE GOVERNANCE REPORT

- (k) reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;
- (l) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (m) reviewing the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditor, and where the external auditor also provides a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to maintain objectivity;
- (n) reviewing the assurance from the Managing Director and the Head of Finance and Administration on the financial records and financial statements; and
- (o) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any Director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC and the Board have in place a whistle-blowing policy which allows employees to raise concerns about possible improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports will be addressed to the AC members. Details of the whistle-blowing policy have been made available to all employees of the Group.

The AC has met with the external auditors and internal auditors without the presence of the Company's management to review any matter that might be raised.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences. Significant matters that were discussed with the Management and the external auditors have been included as key audit matters in the Auditors' Report for FY2019 on pages 34 to 35 of this Annual Report.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The annual audit fee of S\$114,000 was paid during FY2019 and there were no non-audit services rendered by the external auditors to the Company in FY2019.

AC has reviewed the objectivity and independence of the external auditors and recommended to the Board that Foo Kon Tan LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes.

The AC approves the appointment of the internal auditors, with the primary reporting line of the internal audit function to the AC. The internal auditors have full access to the Company's documents, records, properties and personnel. The AC is satisfied that the internal audit firm is staffed by suitably qualified and experienced persons.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The internal auditors carry out their work in accordance with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

The Company supports the Code's principle to encourage communication with and participation by Shareholders. Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all Shareholders and published via SGXNet. Shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation. The Constitution allows a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in place of the shareholder, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder.

All resolutions are put to vote by poll and Shareholders are entitled to vote in accordance with established voting rules and procedures. An announcement of the detailed results is made after the conclusion of the AGM. The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principles as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications.

All Directors attend the general meetings of Shareholders, and the external auditors will also be present to assist in addressing queries from Shareholders relating to the conduct of audit and the preparation and content of the auditor's report.

From the AGM for FY2019 onwards, minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, will be made available on the Company's website at <https://www.dlfholdings.sg>.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. There was no dividend declared for FY2019 as the Group incurred loss during the financial year.

## ENGAGEMENT WITH SHAREHOLDERS

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

The Company strives for timeliness and consistency in its disclosures to Shareholders. The Company has an internal investor relations function to facilitate communications with all stakeholders and to keep stakeholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

To enable the stakeholders to contact the Company easily, the contact details of the investor relations function have been set out in page 2 of this Annual Report as well as on the Company's website. The Company have put in place procedures to respond to investors' queries.

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the AGM to answer questions relating to matters overseen by the respective committees.

# CORPORATE GOVERNANCE REPORT

The Company currently does not have a formal investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to Shareholders via SGXNet. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

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

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. The Company will publish its first Sustainability Report by 31 December 2020 in respect of FY2019, following its first full financial year of listing.

The Company maintains a website at <https://www.dlfholdings.sg/> to communicate and engage with stakeholders.

## SUSTAINABILITY REPORTING

The Group's Sustainability Report will be prepared in accordance to Global Reporting Initiative Standards, Core Option and is in line with the requirements of the Catalist Rules on sustainability reporting. The Sustainability Report will highlight the environment compliance, employment, occupational health and safety and anti-corruption. In compliance with Rules 711A and B and Practice Note 7F of the Sustainability Reporting Guide in the Catalist Rules, the Company's first Sustainability Report will be released on or before 31 December 2020.

## DEALINGS IN SECURITIES

The Group has implemented appropriate guidelines on dealings in the Company's securities in compliance with the best practices as set out in Rule 1204(19) of the Catalist Rules. All Directors and staff of the Group are not allowed to trade in the Company's securities during the periods commencing one month before the announcement of the Company's half year and full year financial results respectively. To facilitate compliance, reminders are issued to all Directors and staff prior to the applicable trading black-outs. Our Directors and staff, who are expected to observe insider trading laws at all times, are also discouraged from dealing in the Company's securities on short-term considerations.

## NON-SPONSOR FEES

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2019.

## INTERESTED PERSON TRANSACTIONS

The Group has procedures governing all Interested Persons Transactions ("IPT") to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There was no interested person transaction, as defined in Chapter 9 of the Catalist Rules, above S\$100,000 entered into by the Group during FY2019. The Company did not obtain any general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

# CORPORATE GOVERNANCE REPORT

## MATERIAL CONTRACTS

There were two material contracts entered into by the Company and its subsidiaries involving the interests of its Directors or controlling shareholders which are either still subsisting at the end of FY2019 or if not then subsisting, entered into by the Company during FY2019. The particulars of the relevant material contracts are set out below:

- (1) On 2 October 2019, the Company entered into a loan agreement with Mr Fan Chee Seng (Executive Chairman as well as a controlling shareholder of the Company) for an interest-free and unsecured loan amounting to S\$500,000, repayable within six (6) months from the date of agreement and it is subject to renewal.
- (2) On 13 December 2019, the Company entered into a loan agreement with QRC Pte. Ltd. (a controlling shareholder of the Company) for an interest-free and unsecured loan amounting to S\$200,000, repayable within six (6) months from the date of agreement and it is subject to renewal.

# DIRECTORS' STATEMENT

The directors submit this statement to the members together with the audited consolidated financial statements of the DLF Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2019.

In our opinion:

- (a) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, having regard to the information as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Names of directors

The directors in office at the date of this report are:

Fan Chee Seng	(Executive Chairman)
Foo Kia Juah	(Lead Independent Non-Executive Director) - Appointed on 12 December 2019
Yuksaku Mishima	(Non-Independent Non-Executive Director) - Appointed on 12 December 2019
Kok Cheang Hung	(Independent Non-Executive Director) - Appointed on 12 December 2019
Tee Hian Chong	(Independent Non-Executive Director) - Appointed on 12 December 2019

## Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of the Company or of any other corporate body other than as disclosed in this statement.

## Directors' interest in shares or debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Share registered in the name of director	
	As at 1.1.2019	As at 31.12.2019
<b>The Company - DLF Holdings Limited</b>		
Fan Chee Seng	51,000,000	26,778,260

There are no changes to the above shareholdings or debentures between the end of the financial year and 21 January 2020.

## Share options

No options were granted during the financial year to take up unissued shares of the Company or any subsidiary.

No shares were issued during the financial year to which this report related by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

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

## Audit Committee

The audit committee at the end of the financial year comprises the following members:

Kok Cheang Hung (Chairman) - Appointed on 12 December 2019

Tee Hian Chong - Appointed on 12 December 2019

Yuksaku Mishima - Appointed on 12 December 2019

The audit committee performs the functions set out in Section 201B (5) of the Companies Act, Cap.50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

- overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors.
- met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- reviewed statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 as well as the auditor's report thereon; and
- reviewed interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The audit committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' STATEMENT

## **Audit Committee (Cont'd)**

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

## **Independent auditor**

The independent auditor, Foo Kon Tan LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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FAN CHEE SENG

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KOK CHEANG HUNG

Dated: 15 April 2020

# INDEPENDENT AUDITORS' REPORT

To The Members of DLF Holdings Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of DLF Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial statements. The Group incurred a net loss of \$3,678,236 and reported net operating cash outflows of \$1,423,971 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company had a deficit in equity of \$2,914,071 and \$2,784,886, and net current liabilities \$3,790,396 and \$2,284,886, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern and for its listing status to be maintained.

If the Group and the Company were unable to continue in operational existence, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements. Our opinion is not modified in respect of this matter.

# INDEPENDENT AUDITORS' REPORT

To The Members of DLF Holdings Limited

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Accounting for projects - Revenue recognition (Note 2 to the financial statements)

Risk:

Revenue recognition of projects requires management's use of estimates in identification of performance obligations, assessment of the number of performance obligations and whether they are satisfied over time or a point in time, determination of an appropriate method to measure progress of the project for revenue recognition.

Revenue from performance obligations satisfied over time is recognised using the percentage of completion ("POC") method. The stage of completion is certified by third party quantity surveyors and measured by reference to the value of the project costs incurred to date to the estimated total costs to complete the project. Significant judgements are required to determine the total project costs which include estimation for variation works and any other claims from contractors. Any changes to the estimated total project costs will impact the POC method and consequently the revenue recognised.

Our response:

We read the contracts signed with customers for significant contracts and engaged management to obtain an understanding of the performance obligations of the Group and its contractual rights. We discussed with management to assess whether the criteria for recognising revenue over time or a point in time are met, taking into consideration the contractual terms.

We evaluated the Group's estimated total project costs, taking into consideration costs incurred to date, estimated costs to completion, project progress and any deviation in project cost components which could lead to cost overruns.

We tested the arithmetic accuracy of project revenues and profits based on the stage of completion calculations.

We also considered the adequacy of the disclosure in the financial statements.

### Impairment assessment of trade receivables (Note 8 to the financial statements)

Risk:

Significant judgements and assumptions, including the credit risks of customers and the timing and amount of realisation of debts, are used in performing an assessment and measurement of the impairment loss on trade receivables.

Our response:

We analysed the aging of trade receivables, requested trade receivables balance confirmations, and tested subsequent receipts of trade receivables post balance sheet date.

We tested the accuracy and completeness of underlying data used in the expected credit loss (ECL) model and the arithmetical accuracy of the computation of EC. We tested key assumptions and judgment used in assessing the likelihood of default. We considered the appropriateness of forward looking factors used to determine ECL.

We also assessed the recoverability of the trade receivables on a sample basis through our evaluation of management's assessment with reference to, amongst others, the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers.

# INDEPENDENT AUDITORS' REPORT

To The Members of DLF Holdings Limited

## Key Audit Matters (Cont'd)

Assessment of impairment of property, plant and equipment (Note 7 to the financial statements)

Risk:

As at 31 December 2019, the Group's leasehold property accounts for approximately 43% of total assets on the balance sheet.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include adjustments made for differences between the subject properties and comparables.

Our response:

We evaluated the competence, qualification and objectivity of the management's valuer, obtained an understanding of the work of the management's valuer and evaluated the appropriateness of work of the management's valuer as audit evidence for the relevant assertion.

We considered the valuation methodology used by management's valuer against those applied by other valuers for similar asset types. On the leasehold property, we corroborated the inputs used in the valuation including adjustments made for differences including locational and physical characteristics, and prevailing market conditions, between the subject property and comparables. With regards to plant and equipment, we corroborated the inputs such as the replacement cost and physical and economic obsolescence factors used in the valuation by comparing them against available industry data, taking into consideration comparability and market factors.

We also considered the adequacy of the descriptions in the financial statements.

Assessment of impairment of right-of-use assets (Note 6 to the financial statements)

Risk:

The Group's assessed the recoverable amount of right-of-use assets based on valuations. The valuation process involved significant judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied.

Our response:

We considered the valuation methodologies used by management and management's valuer. We examined the valuation assumptions with regards to the market conformity. We reviewed the mathematical correctness of fundamental calculation steps.

We evaluated the competence, capabilities and objectivity of the auditor's expert. Through our appointed auditor's expert, we assessed the appropriateness and reasonableness of the methodology, inputs and assumptions used or relied on by management, including determination of an incremental borrowing rate from a market participant's perspective related to computation of fair value of office lease.

We also considered the adequacy of the disclosures in the financial statements.

# INDEPENDENT AUDITORS' REPORT

To The Members of DLF Holdings Limited

## Other Information

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

The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITORS' REPORT

To The Members of DLF Holdings Limited

## Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 15 April 2020

# STATEMENTS OF FINANCIAL POSITION

As At 30 September 2019

	Note	The Group			The Company		
		31 December 2019 \$	31 December 2018 \$ (Restated)	1 January 2018 \$ (Restated)	31 December 2019 \$	31 December 2018 \$	1 January 2018 \$
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
Subsidiaries	4	-	-	-	-	4,993,204	4,913,204
Deferred tax assets	5	189,885	9,789	-	-	-	-
Right-of-use assets	6	348,172	-	-	-	-	-
Property, plant and equipment	7	1,241,221	1,918,500	1,948,508	-	-	-
<b>Total non-current assets</b>		<b>1,779,278</b>	1,928,289	1,948,508	-	4,993,204	4,913,204
<b>Current Assets</b>							
Trade and other receivables	8	918,647	2,652,989	5,147,061	392,974	2,849,518	-
Contract assets	9	112,000	579,361	463,208	-	-	-
Cash and bank balances	10	73,952	1,100,847	903,578	6,386	682,415	100
<b>Total current assets</b>		<b>1,104,599</b>	4,333,197	6,513,847	<b>399,360</b>	3,531,933	100
<b>Total assets</b>		<b>2,883,877</b>	6,261,486	8,462,355	<b>399,360</b>	8,525,137	4,913,304
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and Reserves</b>							
Share capital	11	9,499,017	9,499,017	4,913,304	9,499,017	9,499,017	4,913,304
Reserves	12	(2,621,264)	(2,621,264)	(2,632,363)	-	-	-
Accumulated losses		(9,817,924)	(6,234,706)	(950,249)	(12,283,903)	(2,853,174)	(49,691)
<b>Total equity attributable to owners of the Company</b>		<b>(2,940,171)</b>	643,047	1,330,692	<b>(2,784,886)</b>	6,645,843	4,863,613
Non-controlling interests		26,100	121,118	-	-	-	-
<b>Total equity</b>		<b>(2,914,071)</b>	764,165	1,330,692	<b>(2,784,886)</b>	6,645,843	4,863,613
<b>Non-Current liabilities</b>							
Borrowings	13	300,345	377,253	609,094	-	-	-
Finance lease liabilities	14	-	130,527	103,528	-	-	-
Lease liabilities	15	102,608	-	-	-	-	-
Loan from shareholder	17	500,000	-	-	500,000	-	-
Deferred tax liabilities	5	-	5,111	-	-	-	-
<b>Total non-current liabilities</b>		<b>902,953</b>	512,891	712,622	<b>500,000</b>	-	-
<b>Current liabilities</b>							
Borrowings	13	747,877	791,045	893,232	-	-	-
Finance lease liabilities	14	-	47,930	75,953	-	-	-
Lease liabilities	15	88,228	-	-	-	-	-
Trade and other payables	16	2,713,628	2,990,150	4,733,529	2,484,246	1,879,294	49,691
Loan from shareholder	17	200,000	-	-	200,000	-	-
Current tax liabilities		1,145,262	1,155,305	716,327	-	-	-
<b>Total current liabilities</b>		<b>4,894,995</b>	4,984,430	6,419,041	<b>2,684,246</b>	1,879,294	49,691
<b>Total liabilities</b>		<b>5,797,948</b>	5,497,321	7,131,663	<b>3,184,246</b>	1,879,294	49,691
<b>Total equity and liabilities</b>		<b>2,883,877</b>	6,261,486	8,462,355	<b>399,360</b>	8,525,137	4,913,304

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

	Note	2019 \$	2018 \$ (Restated)
Revenue	3	<b>1,004,558</b>	16,311,545
Cost of sales		<b>(613,035)</b>	(14,599,388)
Gross profit		<b>391,523</b>	1,712,157
Other operating income	18	<b>55,467</b>	66,180
Selling and distribution expenses		<b>(11,718)</b>	(27,815)
Administrative expenses		<b>(2,267,384)</b>	(4,235,992)
Other operating expenses	19	<b>(1,908,615)</b>	(2,367,751)
Finance costs	20	<b>(93,081)</b>	(106,309)
<b>Loss before taxation</b>	21	<b>(3,833,808)</b>	(4,959,530)
Tax credit/(expense)	23	<b>155,572</b>	(223,809)
<b>Loss for the year</b>		<b>(3,678,236)</b>	(5,183,339)
<b>Other comprehensive income, at net tax:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences		-	11,099
<b>Total comprehensive loss for the year</b>		<b>(3,678,236)</b>	(5,172,240)
<b>Loss attributable to:</b>			
Owners of the Company		<b>(3,583,218)</b>	(5,284,457)
Non-controlling interests		<b>(95,018)</b>	101,118
		<b>(3,678,236)</b>	(5,183,339)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		<b>(3,583,218)</b>	(5,273,358)
Non-controlling interests		<b>(95,018)</b>	101,118
		<b>(3,678,236)</b>	(5,172,240)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share</b>			
Basic and diluted	24	<b>(2.96)</b>	(4.82)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	Share capital	Other reserve	Currency translation reserve	Retained earnings/ (Accumulated losses)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2018, as reported	4,913,304	(2,888,997)	256,634	571,945	2,852,886	-	2,852,886
Prior year adjustments (Note 31)	-	-	-	(1,522,194)	(1,522,194)	-	(1,522,194)
At 1 January 2018, as restated	4,913,304	(2,888,997)	256,634	(950,249)	1,330,692	-	1,330,692
Issuance of shares	4,585,713	-	-	-	4,585,713	-	4,585,713
Issue of shares to non-controlling interests	-	-	-	-	-	20,000	20,000
Total transactions with owners, recognised directly in equity	4,585,713	-	-	-	4,585,713	20,000	4,605,713
Loss for the year	-	-	-	(5,284,457)	(5,284,457)	101,118	(5,183,339)
Foreign currency translation differences	-	-	11,099	-	11,099	-	11,099
Total comprehensive loss for the year	-	-	11,099	(5,284,457)	(5,273,358)	101,118	(5,172,240)
At 31 December 2018	9,499,017	(2,888,997)	267,733	(6,234,706)	643,047	121,118	764,165
At 1 January 2019, as reported	<b>9,499,017</b>	<b>(2,888,997)</b>	<b>267,733</b>	<b>(773,983)</b>	<b>6,103,770</b>	<b>121,118</b>	<b>6,224,888</b>
Prior year adjustments (Note 31)	-	-	-	(5,460,723)	(5,460,723)	-	(5,460,723)
At 1 January 2019, as restated	<b>9,499,017</b>	<b>(2,888,997)</b>	<b>267,733</b>	<b>(6,234,706)</b>	<b>643,047</b>	<b>121,118</b>	<b>764,165</b>
Loss for the year	-	-	-	(3,583,218)	(3,583,218)	(95,018)	(3,678,236)
Foreign currency translation differences	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,583,218)	(3,583,218)	(95,018)	(3,678,236)
At 31 December 2019	<b>9,499,017</b>	<b>(2,888,997)</b>	<b>267,733</b>	<b>(9,817,924)</b>	<b>(2,940,171)</b>	<b>26,100</b>	<b>2,914,071</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Note	2019 \$	2018 \$ (Restated)
<b>Cash Flows from Operating Activities</b>			
Loss before income tax		<b>(3,833,808)</b>	(4,959,530)
Adjustment for:			
Depreciation of property, plant and equipment	7	<b>76,547</b>	156,540
Depreciation of right-of-use assets	6	<b>126,265</b>	-
Impairment loss on property, plant and equipment	7	<b>120,583</b>	-
Impairment loss on right-of-use assets	6	<b>54,323</b>	-
Impairment loss on trade receivables	8	<b>549,390</b>	1,536,723
Impairment loss on other receivables	8	<b>24,650</b>	-
Impairment loss on contract assets	9	<b>567,582</b>	716,926
Loss on disposal of property, plant and equipment		<b>62,684</b>	-
Property, plant and equipment written off	19	-	24,120
Interest income	18	<b>(38)</b>	(90)
Interest expense	20	<b>84,295</b>	74,409
Share-based payments made for initial public offer		-	495,423
<b>Operating loss before working capital changes</b>		<b>(2,167,527)</b>	(1,955,479)
Change in contract assets and liabilities		<b>(100,221)</b>	(783,079)
Change in trade and other receivables		<b>743,596</b>	1,203,073
Change in trade and other payables		<b>(276,522)</b>	(1,493,379)
Cash used in operations		<b>(1,800,674)</b>	(3,028,864)
Income tax paid		-	(476,508)
Income tax refund		<b>376,703</b>	-
<b>Net cash used in operating activities</b>		<b>(1,423,971)</b>	(3,505,372)
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment (Note A)		<b>(16,450)</b>	(71,872)
Interest received	18	<b>38</b>	90
<b>Net cash used in investing activities</b>		<b>(16,412)</b>	(71,782)
<b>Cash Flows from Financing Activities</b>			
Proceeds from bank loans		<b>216,000</b>	
Repayment of bank loan		<b>(239,646)</b>	(208,438)
Proceeds from bills payable		-	(145,085)
Proceeds from initial public offering		-	4,255,000
Proceeds from shareholders loan		<b>700,000</b>	-
Repayment of finance lease liabilities		<b>(82,468)</b>	(79,804)
Interest paid		<b>(84,295)</b>	(74,409)
<b>Net cash generated from financing activities</b>		<b>509,591</b>	3,747,264
Net (decrease)/increase in cash and cash equivalents		<b>(930,792)</b>	170,110
Cash and cash equivalents at beginning of the year		<b>532,951</b>	355,177
Effect of exchange rate changes on balances held in foreign currencies		<b>327</b>	7,664
Cash and cash equivalents at end of the year	10	<b>(397,514)</b>	532,951

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

**Note:**

**A. Property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$16,450 (2018 - \$150,652) of which \$Nil (2018 - \$78,780) was acquired by means of hire purchase arrangement. Cash payments of \$16,450 (2018 - \$71,872) were made to purchase property, plant and equipment.

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 1 January 2019 \$	Adoption of SFRS(I) 16 \$	Proceeds \$	Repayment \$	As at 31 December 2019 \$
Finance lease liabilities	178,457	(178,457)	-	-	-
Lease liabilities	-	273,304	-	(82,468)	190,836
Loan from shareholders	-	-	700,000	-	700,000
Bank loans	600,402	-	216,000	(239,646)	576,756
		As at 1 January 2018 \$	Proceeds \$	Repayment \$	As at 31 December 2018 \$
Finance lease liabilities		179,481	78,780	(79,804)	178,457
Bill payable		145,085	-	(145,085)	-
Bank loans		808,840	-	(208,438)	600,402

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 1 General information

The financial statements of the Group and of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is a limited liability company incorporated and domiciled in Singapore.

The registered office and place of business is located at 140 Paya Lebar Road, #08-07 AZ @ Paya Lebar, Singapore 409015.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 4.

Its immediate and ultimate holding company is QRC Pte Ltd, a company incorporated in Singapore.

## 2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been presented in Singapore dollars, unless otherwise stated.

### Going concern assumption

The Group incurred a net loss of \$3,678,236 and reported net operating cash outflows of \$1,423,971 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company had a deficit in equity of \$2,914,071 and \$2,784,886, and net current liabilities \$3,790,396 and \$2,284,886, respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern and for its listing status to be maintained.

Notwithstanding the above, it was considered appropriate to prepare these financial statements on a going concern basis after considering the following:

- (a) The directors believe that the Group is able to generate sufficient cash flows from operations with cost containment measures, enhancement of project initiation and management process, and undertaking of new businesses.
- (b) The Group has embarked on plans to dispose of non-core and non-income generating assets in 2020. Subsequent to year end, as part of this exercise, the Group disposed of two motor vehicles for cash of \$248,353.
- (c) Subsequent to year end, the Company received an advance of \$1 million from a customer pursuant to a contract to provide software development and the associated project management services in 2020. The fulfilment cost of the contract of \$850,000 payable to a related company is not due until May 2021.
- (d) The holding company, QRC Pte Ltd ("QRC"), has given an undertaking to provide financial support to the Group as and when a need arises.
- (e) On 28 February 2020, the Company entered into a loan agreement with QRC, pursuant to which QRC has agreed to grant the Company an interest-free loan of \$500,000 with a repayment term after 1 May 2021. QRC granted the Company an interest-free loan of \$200,000 (Note 17) during the year ended 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(a) Basis of preparation (Cont'd)

### Significant accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### ***Judgments made in applying accounting policies***

#### Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

#### Income taxes (Note 23)

Significant judgement is involved in determining the Group provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### ***Key sources of estimation uncertainty***

#### Revenue recognition

With regards to projects for which performance obligations are satisfied over time, the Group recognises revenue as the project progresses using the percentage-of-completion method. The percentage of completion is estimated by reference to the stage of completion based on the value of the contract sum as certified by third party quantity surveyors and the estimated total project costs to complete. Significant judgement is required in determining the estimated total contract costs which include contracts awarded, estimation of variation works, if any, and the experience of qualified project managers.

#### Impairment of financial assets (Note 8)

The Group uses a provision matrix to calculate ECL for the trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

#### Depreciation of property, plant and equipment (Note 7)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

A 5% (2018 - 5%) difference in the expected useful lives of these assets from management's estimates would not have any material effect on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(a) Basis of preparation (Cont'd)

### *Key sources of estimation uncertainty (Cont'd)*

#### Impairment of non-financial assets (Note 4, 6, 7)

Property, plant and equipment, investments in subsidiaries and right-of use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on the higher of fair value, reflecting market conditions less costs to sell and value-in-use. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, utilisation period of the assets, discount rates and other factors. The determination of the fair value less cost to sell of the Group's property, plant and equipment include use of unobservable inputs. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material.

#### Determination of incremental borrowing rate for leases (Note 6, 15)

On 1 January 2019, the Group applied the SFRS(I) 16 Leases transition provisions and recognised a lease liability at the present value of the remaining lease payments using the Group's incremental borrowing rate for the underlying lease asset; and recognised a right-of-use asset, on a lease-by-lease basis at an amount equal to the lease liability. Management applied significant estimates and assumptions in determining the incremental borrowing rate, with key inputs to the computation comprising the term of the lease, nature and quality of the security, economic environment and credit spread.

## 2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2019, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

### **SFRS(I) 16 Leases**

SFRS(I) 16 Leases supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases - Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's financial statements are discussed below.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

### SFRS(I) 16 Leases (Cont'd)

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019. The Group has elected to transition to SFRS(I) 16 using the cumulative catch-up (1) (or modified retrospective) approach which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparatives under SFRS(I) 1-17.

#### (a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

#### (b) Lessee accounting

##### (i) Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for office premises were not recognised as a liability in the statement of financial position but were disclosed as a commitment in the notes to the financial statements, and these lease payments were reported as rental expense in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under SFRS(I) 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low-value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

On 1 January 2019, the Group has applied the following SFRS(I) 16 transition provisions under the cumulative catch-up approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset; and
- recognises a right-of-use asset in respect of the office premises at an amount equal to the lease liability.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

### SFRS(I) 16 Leases (Cont'd)

#### (b) Lessee accounting (Cont'd)

##### (ii) Former finance leases

On 1 January 2019, with regards to the Group's leases of motor vehicles that were formerly classified as finance lease under SFRS(I) 1-17, the carrying amounts of the leased assets (in property, plant and equipment) and obligations under finance lease immediately before the date of initial application become respectively the opening balance of the carrying amounts of right-of-use assets and lease liabilities under SFRS(I) 16. Subsequently, the Group accounts for these right-of-use assets and lease liabilities in accordance with SFRS(I) 16.

#### (c) Financial impact of initial application of SFRS(I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is 5.06%.

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is as follows:

	\$
Operating lease commitment disclosed at 31 December 2018	193,400
(Less)/Add effects of:	
Short-term leases exempted from recognition	(48,050)
Leases of low-value assets exempted from recognition	(42,950)
Obligations under finance lease at 31 December 2018 reclassified to lease liabilities	(7,553)
Lease liabilities recognised on 1 January 2019	178,457
	273,304

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/ (Decrease) \$
<b>Assets</b>	
Property, plant and equipment	(433,915)
Right-of-use asset	528,762
	94,847
<b>Liabilities</b>	
Lease liabilities	83,610
Finance lease liabilities	(178,457)
	(94,847)

There is no impact to the opening retained earnings as of 1 January 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

### SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Group has adopted SFRS(I) INT 23 for the first time in the current year. SFRS(I) INT 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings, as follows:
  - if yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or
  - if no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

There is no material impact to the Group's and the Company's financial statements.

## 2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 3	Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material	1 January 2020

Management anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the Financial Statements of the Group in the period of their initial adoption.

## 2(d) Summary of significant accounting policies

### Basis of consolidation and business combinations

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra- group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Basis of consolidation and business combinations (Cont'd)

#### Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

#### Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

#### Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Basis of consolidation and business combinations (Cont'd)

#### Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### Business combinations and goodwill

The acquisition method of accounting is used to account for business combinations entered into by the Group. 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.

Acquisition-related costs are expensed as incurred.

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.

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.

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.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Basis of consolidation and business combinations (Cont'd)

#### Business combinations involving businesses or entities under common control

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets, liabilities, reserves, revenue and expenses of consolidated business or entities are reflected at their existing amounts;
- The retained earnings recognised in the consolidated financial statements are the retained earnings of the combining entities or businesses immediately before the combination; and
- No additional goodwill is recognised as a result of the combination.

The statement of comprehensive income reflects the results of the combining entities or businesses for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

### Functional currencies

#### Functional and presentation currency

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

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

#### Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences 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 end of reporting period are recognised in the profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Functional currencies (Cont'd)

#### Group entities

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

- (i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

### Leases (from 1 January 2019)

#### The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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 trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Leases (from 1 January 2019) (Cont'd)

#### Lease liability (Cont'd)

The lease liabilities are presented as a separate line item in the statement of financial position.

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

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

#### Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leased office premises	1.75 years
Motor vehicles	2 to 4 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets (except for those which meet the definition of investment property) are presented as a separate line item in the statement of financial position.

A right-of-use asset which meets the definition of an investment property is presented within "investment properties" in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Leases (before 1 January 2019)

The Group as lessee - Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. 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 amount over their estimated useful lives as follows:

Property	20 years
Motor Vehicles	1 to 10 years
Computers	2 to 3 years
Office equipment	2 to 5 years
Furniture, fixture and fittings	2 to 3 years
Air conditioners	5 years
Renovations	2 to 3 years
Tool and equipment	2 to 3 years

The Group's 999-year leasehold land is not depreciated.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

### Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

- **Financial assets**

#### Initial recognition and measurement

Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated as fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

#### Financial assets at amortised cost (debt instruments)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade receivables, and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Financial instruments (Cont'd)

- **Financial assets (Cont'd)**

#### **Subsequent measurement (Cont'd)**

##### Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

##### Financial assets designated as fair value through other comprehensive income (OCI) (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument - by - instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

##### Financial assets fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investment which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Financial instruments (Cont'd)

#### • Financial assets (Cont'd)

##### Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If customer pays consideration before the Group transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Non-derivative financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Financial liabilities include trade and other payables, lease liabilities, bank loans, bank overdraft and loans from shareholder.

#### Subsequent measurement

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

#### Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, are charged pro rata to the assets in the cash-generating unit.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Impairment of non-financial assets (Cont'd)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### 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 end of reporting period.

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 or taxable profit or loss at the time of the transaction.

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.

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.

Deferred income tax is measured:

- (a) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

### Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

### Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

### Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Chairman who makes strategic resources allocation decisions.

### Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 2(d) Summary of significant accounting policies (Cont'd)

### Related parties (Cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies (Cont'd):
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### Project revenue

Revenue from project is recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on proportion of total contract costs incurred to-date and the estimated costs to complete.

Where the project outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service income is recognised when the services are rendered to customers.

#### Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 3 Revenue

The Group	2019 \$	2018 \$ (Restated)
Project revenue	1,004,558	3,566,406
Turnkey contracting services	-	8,360,494
Project management services	-	4,384,645
	<b>1,004,558</b>	<b>16,311,545</b>
<b>Timing of revenue recognition</b>		
At a point in time	346,011	6,672,537
Over time	658,547	9,639,008
	<b>1,004,558</b>	<b>16,311,545</b>
<b>Geographical segments</b>		
Singapore	1,004,558	7,939,272
Maldives	-	8,372,273
	<b>1,004,558</b>	<b>16,311,545</b>

## 4 Subsidiaries

The Company	2019 \$	2018 \$
Unquoted equity investments, at cost	4,993,204	4,993,204
Less: impairment of investment in subsidiaries	(4,993,204)	-
	-	4,993,204

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Percentage of interest held		Principal activities
		2019	2018	
DLF Pte. Ltd. <sup>(1)</sup>	Singapore	100%	100%	Procurement of equipment and components such as offloading hoses and the provision of logistic services to offshore oil rigs
DLF Engineering Pte Ltd <sup>(1)</sup>	Singapore	100%	100%	Provision of building and construction services
ACMES-Kings Corporation Pte. Ltd. <sup>(1)</sup>	Singapore	100%	100%	Provision of plumbing, non-electric heating and air-conditioning services
ACMES Properties Pte Ltd <sup>(1)</sup>	Singapore	100%	100%	Property owning
ACMES-Power Building Services Pte Ltd <sup>(1)</sup>	Singapore	100%	100%	General contractors (building construction including major upgrading works)
DLF Prosper Venture Pte Ltd ("DLFPV") <sup>(1)</sup>	Singapore	80%	80%	Installation of industrial machinery and equipment, mechanical engineering works

(1) Audited by Foo Kon Tan LLP, Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 4 Subsidiaries (Cont'd)

### Impairment testing

During the financial year ended 31 December 2019, having regard to the financial performance of the loss-making subsidiaries, management carried out a review of the investments in subsidiaries based on existing financial performance as well as operating profit forecasts of the subsidiaries. The review led to recognition of an impairment loss on of \$4,993,204 (2018 : nil) for the year ended 31 December 2019.

Summarised financial information in respect of the non-controlling interest (NCI) in the Group's non- 100% owned subsidiary, where ownership interest is not adjusted for, is set out below:

<b>The Group</b>	<b>2019</b>	2018
	\$	\$
Current assets	<b>586,489</b>	1,167,582
Current liabilities	<b>(455,991)</b>	(561,992)
<b>Net assets</b>	<b>130,498</b>	605,590
<b>Net assets attributable to NCI</b>	<b>26,100</b>	121,118
Revenue	-	4,384,645
<b>(Loss)/profit for the year</b>	<b>(475,093)</b>	505,591
Other comprehensive income ("OCI")	-	-
<b>Total comprehensive (loss)/income</b>	<b>(475,093)</b>	505,591
Attributable to NCI:		
- (Loss)/profit	<b>(95,018)</b>	101,182
- OCI	-	-
<b>Total comprehensive (loss)/income</b>	<b>(95,018)</b>	101,182
Cash flows used in operating activities	-	(1,720)
Cash flows used in investing activities	-	(600,000)
Cash flows generated from financing activities	-	(601,720)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>-</b>	-

## 5 Deferred tax assets and liabilities

Deferred 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 fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

Deferred tax assets are attributable to the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>31 December 2019</b>	31 December 2018	<b>31 December 2019</b>	31 December 2018
	\$	\$	\$	\$
<b>Deferred tax assets</b>				
Trade receivables	<b>189,885</b>	9,789	-	-
<b>Deferred tax liabilities</b>				
Property, plant and equipment	-	5,111	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 5 Deferred tax assets and liabilities (Cont'd)

Movement in temporary differences during the year:

	The Group		The Company	
	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$
<b>Deferred tax assets</b>				
At beginning of year	9,789	-	-	-
Recognised in profit or loss	180,096	9,789	-	-
At end of year	189,885	9,789	-	-
<b>Deferred tax liabilities</b>				
At beginning of year	5,111	-	-	-
Recognised in profit or loss	(5,111)	5,111	-	-
At end of year	-	5,111	-	-

Settlement of deferred tax assets and liabilities is as follows:

	The Group		The Company	
	31 December 2019 \$	31 December 2018 \$	31 December 2019 \$	31 December 2018 \$
<u>To be settled within one year</u>				
Deferred tax assets	189,885	9,789	-	-
<u>To be settled after one year</u>				
Deferred tax liabilities	-	5,111	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 6 Right-of-use assets

The Group	Motor vehicles \$	Office premises \$	Total \$
<b>Cost</b>			
Adoption of SFRS(I) 16:			
- Initial recognition	-	94,847	94,847
- Reclassification from property, plant and equipment	672,349	-	672,349
At 1 January 2019	<b>672,349</b>	<b>94,847</b>	<b>767,196</b>
Additions	-	-	-
<b>At 31 December 2019</b>	<b>672,349</b>	<b>94,847</b>	<b>767,196</b>
<b>Accumulated depreciation</b>			
- Reclassification from property, plant and equipment	238,436	-	238,436
At 1 January 2019	<b>238,436</b>	-	<b>238,436</b>
Depreciation	<b>90,698</b>	<b>35,567</b>	<b>126,265</b>
<b>At 31 December 2019</b>	<b>329,134</b>	<b>35,567</b>	<b>364,701</b>
<b>Accumulated impairment</b>			
At 1 January 2019	-	-	-
Impairment loss for the year	<b>54,323</b>	-	<b>54,323</b>
<b>At 31 December 2019</b>	<b>54,323</b>	-	<b>54,323</b>
<b>Carrying amount</b>			
<b>At 31 December 2019</b>	<b>288,892</b>	<b>59,280</b>	<b>348,172</b>
<b>At 1 January 2019</b>	<b>433,913</b>	<b>94,847</b>	<b>528,760</b>

Motor vehicles are pledged as securities for the finance lease arrangements (Note 14).

### **Impairment testing**

The recoverable amount of the Group's right-of-use assets related to motor vehicles acquired under finance lease arrangements are based on fair value less costs to sell, which are higher than value-in-use, as determined by a valuation expert. The fair are based on the market value, being the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on direct comparison method which involves the analysis of comparable assets and adjusting the sale prices to that reflective of the subject assets. During the financial year ended 31 December 2019, the Group recognised an impairment loss of \$54,323 (2018: nil) on motor vehicles funded by finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 7 Property, plant and equipment

The Group	999-year leasehold land	Property	Motor vehicles	Computers	Office equipment	Furniture, fixture and fittings	Air conditioner	Renovations	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>									
At 1 January 2018	1,130,000	200,000	900,162	130,556	87,217	188,566	6,500	24,753	2,667,754
Additions	-	-	78,780	4,631	-	25,358	-	41,883	150,652
Write-off	-	-	(127,304)	-	-	-	-	-	(127,304)
At 31 December 2018	<b>1,130,000</b>	<b>200,000</b>	<b>851,638</b>	<b>135,187</b>	<b>87,217</b>	<b>213,924</b>	<b>6,500</b>	<b>66,636</b>	<b>2,691,102</b>
Adoption of SFRS(I) 16									
- Reclassification to right-of-use assets	-	-	(672,349)	-	-	-	-	-	(672,349)
At 1 January 2019, as adjusted	<b>1,130,000</b>	<b>200,000</b>	<b>179,289</b>	<b>135,187</b>	<b>87,217</b>	<b>213,924</b>	<b>6,500</b>	<b>66,636</b>	<b>2,018,753</b>
Additions	-	-	-	-	15,800	650	-	-	16,450
Disposal	-	-	(145,215)	-	-	-	-	-	(145,215)
<b>At 31 December 2019</b>	<b>1,130,000</b>	<b>200,000</b>	<b>34,074</b>	<b>135,187</b>	<b>103,017</b>	<b>214,574</b>	<b>6,500</b>	<b>66,636</b>	<b>1,889,988</b>
<u>Accumulated depreciation</u>									
At 1 January 2018	-	25,417	332,104	77,490	64,416	188,566	6,500	24,753	719,246
Depreciation charges	-	10,000	111,892	24,508	5,700	2,113	-	2,327	156,540
Write-off	-	-	(103,184)	-	-	-	-	-	(103,184)
At 31 December 2018	-	<b>35,417</b>	<b>340,812</b>	<b>101,998</b>	<b>70,116</b>	<b>190,679</b>	<b>6,500</b>	<b>27,080</b>	<b>772,602</b>
Adoption of SFRS(I) 16									
- Reclassification to right-of-use assets	-	-	(238,436)	-	-	-	-	-	(238,436)
At 1 January 2019, as adjusted	-	<b>35,417</b>	<b>102,376</b>	<b>101,998</b>	<b>70,116</b>	<b>190,679</b>	<b>6,500</b>	<b>27,080</b>	<b>534,166</b>
Depreciation for the year	-	<b>10,000</b>	<b>14,227</b>	<b>22,633</b>	<b>7,210</b>	<b>8,516</b>	-	<b>13,961</b>	<b>76,547</b>
Disposals	-	-	(82,529)	-	-	-	-	-	(82,529)
<b>At 31 December 2019</b>	-	<b>45,417</b>	<b>34,074</b>	<b>124,631</b>	<b>77,326</b>	<b>199,195</b>	<b>6,500</b>	<b>41,041</b>	<b>528,184</b>
<u>Accumulated impairment</u>									
At 1 January 2018 and 2019	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	(120,583)	-	-	-	-	-	-	(120,583)
	-	(120,583)	-	-	-	-	-	-	(120,583)
<u>Carrying amount</u>									
<b>At 31 December 2019</b>	<b>1,130,000</b>	<b>34,000</b>	-	<b>10,556</b>	<b>25,691</b>	<b>15,379</b>	-	<b>25,595</b>	<b>1,241,221</b>
At 31 December 2018	1,130,000	164,583	510,826	33,189	17,101	23,245	-	39,556	1,918,500

At 31 December 2019, property and land with carrying amounts of \$1,164,000 (2018 - \$1,294,583) are mortgaged to banks to secure the bank loans granted to the Group (Note 13).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 7 Property, plant and equipment (Cont'd)

### Impairment testing

The recoverable amounts of the Group's right-of-use assets are based on fair value less costs to sell, which are higher than value-in-use, as determined by a valuation expert.

The fair value of motor vehicles acquired under finance lease arrangements, as determined by a valuation expert, are based on the market values, being the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuations are based on direct comparison method which involves the analysis of comparable assets and adjusting the sale prices to that reflective of the subject assets.

The fair value of the office lease is based on the present value of the remaining lease payments using the incremental borrowing rate from a market participant's perspective.

During the financial year ended 31 December 2019, the Group recognised an impairment loss of \$120,583 (2018: nil) on property, plant and equipment.

## 8 Trade and other receivables

	The Group			The Company		
	31 December 2019 \$	31 December 2018 \$ (Restated)	1 January 2018 \$ (Restated)	31 December 2019 \$	31 December 2018 \$	1 January 2018 \$
Trade receivables	2,206,676	2,433,049	4,365,002	-	-	-
Impairment of trade receivables	(2,033,449)	(1,536,723)	-	-	-	-
	<b>173,227</b>	896,326	4,365,002	-	-	-
Other receivables	148,275	642	-	24,650	-	-
Amount due from subsidiaries (non-trade)	-	-	-	392,011	2,849,518	-
Loan to non-controlling interest	280,388	280,388	-	-	-	-
Loan to non-controlling interest's holding company	190,000	300,000	-	-	-	-
Deposits	138,495	345,459	248,238	-	-	-
	<b>930,385</b>	1,822,815	4,613,240	<b>416,661</b>	2,849,518	-
Impairment of other receivables	(24,650)	-	-	(24,650)	-	-
	<b>905,735</b>	1,822,815	4,613,240	<b>392,011</b>	2,849,518	-
Advance payment to suppliers	-	392,145	368,736	-	-	-
Prepaid income tax	-	416,380	145,760	-	-	-
Prepayments	12,912	21,649	19,325	963	-	-
	<b>918,647</b>	2,652,989	5,147,061	<b>392,974</b>	2,849,518	-

The non-trade amounts and loan due from related parties are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 8 Trade and other receivables (Cont'd)

Trade receivables have credit terms of between 30 and 90 (2018 - 30 and 90) days. Trade and other receivables are denominated in the following currencies:

	The Group			The Company		
	31 December 2019 \$	31 December 2018 \$ (Restated)	1 January 2018 \$ (Restated)	31 December 2019 \$	31 December 2018 \$	1 January 2018 \$
Singapore dollar	905,735	1,822,815	1,116,920	392,011	2,849,518	-
United States dollar	-	-	3,496,320	-	-	-
	<b>905,735</b>	<b>1,822,815</b>	<b>4,613,240</b>	<b>392,011</b>	<b>2,849,518</b>	<b>-</b>

The Group's credit risk exposure in relation to debtors as at 31 December 2019 are set out as follows:

	← The Group and the Company →				
	Current \$	1 to 3 months \$	3 to 6 months \$	More than 6 months \$	Total \$
<b>31 December 2019</b>					
Expected loss rate	13%	-	-	99%	
Trade receivables	97,607	55,124	15,645	2,038,300	2,206,676
Loss allowance	(12,269)	-	-	(2,021,180)	(2,033,449)
<b>31 December 2018</b>					
Expected loss rate	8%	-	78%	92%	
Trade receivables	710,436	53,579	448,941	1,220,093	2,433,049
Loss allowance	(57,349)	-	(352,319)	(1,127,055)	(1,536,723)
<b>1 January 2018</b>					
Expected loss rate	-	-	-	-	
Trade receivables	4,220,434	2,173	98,885	43,510	4,365,002
Loss allowance	-	-	-	-	-

Movements in allowance for impairment loss on trade receivables

	The Group			The Company		
	31 December 2019 \$	31 December 2018 \$ (Restated)	1 January 2018 \$	31 December 2019 \$	31 December 2018 \$	1 January 2018 \$
<b>Allowance for impairment</b>						
At 1 January	1,536,724	-	-	-	-	-
Reversed during the year	(45,080)	-	-	-	-	-
Write off during the year	(7,585)	-	-	-	-	-
Allowance made	549,390	1,536,724	-	-	-	-
At 31 December	<b>2,033,449</b>	<b>1,536,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 8 Trade and other receivables (Cont'd)

Movements in allowance for impairment loss on other receivables

	The Group			The Company		
	31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
	\$	\$	\$	\$	\$	\$
		(Restated)		(Restated)		
<b>Allowance for impairment</b>						
At 1 January	-	-	-	-	-	-
Allowance made	<b>24,650</b>	-	-	<b>24,650</b>	-	-
At 31 December	<b>24,650</b>	-	-	<b>24,650</b>	-	-

## 9 Contract assets

	The Group			The Company		
	31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
	\$	\$	\$	\$	\$	\$
		(Restated)				
<b>Contract assets</b>						
Analysed as:						
Current	<b>679,582</b>	579,361	463,208	-	-	-
Less: Impairment for contract assets	<b>(567,582)</b>	-	-	-	-	-
	<b>112,000</b>	579,361	463,208	-	-	-

Contract asset decreased in 2019 due to a contract asset impairment of \$567,582 relating to variation order works carried out for a customer.

Analysis of credit risk is set out in Note 27.

## 10 Cash and bank balances

	The Group			The Company		
	31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
	\$	\$	\$	\$	\$	\$
		(Restated)				
Cash at bank	<b>73,529</b>	1,099,149	903,478	<b>6,386</b>	682,315	-
Cash on hand	<b>423</b>	1,698	100	-	100	100
	<b>73,952</b>	1,100,847	903,578	<b>6,386</b>	682,415	100

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 10 Cash and bank balances (Cont'd)

Cash and bank balances are denominated in the following currencies:

	The Group			The Company		
	31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
	\$	\$	\$	\$	\$	\$
		(Restated)				
Singapore dollar	<b>67,675</b>	820,351	540,291	<b>4,842</b>	669,211	100
United States dollar	<b>6,277</b>	280,496	363,287	<b>1,544</b>	13,204	-
	<b>73,952</b>	1,100,847	903,578	<b>6,386</b>	682,415	100

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

	2019	2018
The Group	\$	\$
		(Restated)
Cash and bank balances	<b>73,952</b>	1,100,847
Less: Bank overdraft (Note 13)	<b>(471,466)</b>	(567,896)
	<b>(397,514)</b>	532,951

## 11 Share capital

The Group and The Company	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	No. of ordinary shares		\$	\$
<b>Ordinary shares issued and fully paid, with no par value:</b>				
Balance at beginning of year	<b>121,108,700</b>	1,000,000	<b>9,499,017</b>	4,913,304
Share split	-	99,000,000	-	-
Issuance of shares to service provider of IPO	-	2,608,700	-	600,000
Issuance of shares pursuant to IPO	-	18,500,000	-	3,985,713
Balance at end of year	<b>121,108,700</b>	121,108,700	<b>9,499,017</b>	9,499,017

During the financial year ended 31 December 2018:

- the Company sub-divided each ordinary share into 99 ordinary shares each prior to the initial public offering (the "IPO"); and
- the Company issued 2,608,700 at \$0.23 per share to the sponsor/issue manager as part of the consideration for their services rendered in connection with the IPO; and
- the Company issued 18,500,000 shares at \$0.23 per share in the IPO generating net proceeds of \$3,985,713 after deduction of qualifying listing expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 12 Reserves

	2019	2018
<b>The Group</b>	<b>\$</b>	<b>\$</b>
Merger reserve	<b>(2,888,997)</b>	(2,888,997)
Foreign currency translation reserve	<b>267,733</b>	267,733
	<b>(2,621,264)</b>	(2,621,264)

Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.

Foreign currency translation reserve records exchange differences arising from the translation of the financial statements of a subsidiary whose functional currencies is different from that of the Group's presentation currency.

## 13 Borrowings

	2019	2018
<b>The Group</b>	<b>\$</b>	<b>\$</b>
<b>Non-current liabilities</b>		
Bank loans	<b>300,345</b>	377,253
<b>Current liabilities</b>		
Bank overdraft	<b>471,466</b>	567,896
Bank loans	<b>276,411</b>	223,149
	<b>747,877</b>	791,045
	<b>1,048,222</b>	1,168,298

At the reporting date, bank loans comprise \$456,474 (2018: \$356,841) and \$121,043 (2018: \$243,561) bearing variable interest and weighted average fixed interest rate of 7.8% (2018 - 6.6%) and 2.25% (2018 - 2.25%) per annum, respectively. Bank overdraft bears interest at 0.06% (2018 - 0.57%) per annum and is secured by a banker's guarantee.

The loans are secured by the Group's leasehold property and leasehold land (Note 7), and personal guarantee of a director of a subsidiary.

Borrowings are denominated in Singapore dollars.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 14 Finance lease liabilities

	2018
<b>The Group</b>	<b>\$</b>
Future minimum lease payments:	
- Within one year	49,889
- Between one and five years	123,891
- More than five years	15,875
	<u>189,655</u>
Interest	(11,198)
Present value of minimum lease payments	<u>178,457</u>
Present value of minimum lease payments:	
Current	
- Within one year	47,930
Non-current	
- Between one and five years	130,527
	<u>178,457</u>

Finance lease liabilities were denominated in Singapore dollars.

Finance lease liabilities were reclassified to lease liabilities (Note 15) on 1 January 2019 upon adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2(b).

## 15 Lease liabilities

	2019
<b>The Group</b>	<b>\$</b>
Undiscounted lease payments due:	
- Year 1	96,048
- Year 2	110,629
	<u>206,677</u>
Less: Unearned interest cost	(15,841)
Lease liabilities	<u>190,836</u>
Presented as:	
- Non-current	102,608
- Current	88,228
	<u>190,836</u>

Interest expense on lease liabilities of \$12,406 is recognised within "finance costs" in profit or loss.

There were no short-term leases nor leases of low-value assets during the financial year ended 31 December 2019.

Leases liabilities of \$288,892 are secured by the lessor's charge over the leased assets (Note 6).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 16 Trade and other payables

	The Group			The Company		
	31 December 2019 \$	31 December 2018 \$ (Restated)	1 January 2018 \$ (Restated)	31 December 2019 \$	31 December 2018 \$	1 January 2018 \$
Trade payables	546,400	1,529,502	2,527,414	-	-	-
Other payables	-	-	52,165	19,612	93,968	1,915
Amount due to director (non-trade)	28,152	34,138	-	16,372	18,018	16,120
Amount due to subsidiary (non-trade)	-	-	-	1,378,669	1,418,630	-
Loan from third-party	-	-	250,000	-	-	-
Accrued expenses	2,030,581	1,323,631	1,813,642	1,069,593	348,678	31,656
	<b>2,605,133</b>	<b>2,887,271</b>	<b>4,643,221</b>	<b>2,484,246</b>	<b>1,879,294</b>	<b>49,691</b>
Goods and services tax payable	108,495	102,879	90,308	-	-	-
	<b>2,713,628</b>	<b>2,990,150</b>	<b>4,733,529</b>	<b>2,484,246</b>	<b>1,879,294</b>	<b>49,691</b>

Trade and other payables are denominated in the following currencies:

	The Group			The Company		
	31 December 2019 \$	31 December 2018 \$ (Restated)	1 January 2018 \$ (Restated)	31 December 2019 \$	31 December 2018 \$	1 January 2018 \$
Singapore dollar	2,253,070	2,525,564	3,527,658	2,484,246	1,879,294	49,691
United States dollar	352,063	361,707	1,115,563	-	-	-
	<b>2,605,133</b>	<b>2,887,271</b>	<b>4,643,221</b>	<b>2,484,246</b>	<b>1,879,294</b>	<b>49,691</b>

Non-trade amounts due to director and subsidiary are unsecured, interest-free and repayable on demand. Loan from third party was unsecured and bore interest at 18% per annum.

## 17 Loans from shareholders

The \$500,000 loan classified as non-current liability is from the executive chairman, who is also a shareholder of the Company. The \$200,000 loan classified as current liability is from QRC Pte Ltd, the holding company.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 18 Other operating income

	2019	2018
The Group	\$	\$
Government grants	-	18,808
Interest income	38	90
Sundry income	55,429	47,282
	<b>55,467</b>	<b>66,180</b>

## 19 Other operating expenses

	2019	2018
<b>The Group</b>	<b>\$</b>	<b>\$</b>
		(Restated)
Bad debt written off	438,736	-
Exchange loss	2,085	89,982
Loss on disposal property, plant and equipment	62,684	-
Impairment loss on fixed assets	120,583	-
Impairment loss on right-of-use assets	54,323	-
Impairment loss/(reversal) on trade receivables, net	504,310	1,536,723
Impairment loss on other receivables	24,650	-
Impairment loss on contract assets	567,582	716,926
Trade receivables written off	79,657	-
Other receivables written off	54,005	-
Property, plant and equipment written off	-	24,120
	<b>1,908,615</b>	<b>2,367,751</b>

## 20 Finance costs

	2019	2018
The Group	\$	\$
Interest expense on:		
- Lease liabilities	12,406	-
- Finance lease liabilities	-	2,797
- Bank overdraft	28,278	16,153
- Loan	43,611	55,459
	<b>84,295</b>	<b>74,409</b>
Bank service charge	8,786	31,900
	<b>93,081</b>	<b>106,309</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 21 Loss before taxation

The following items have been included in arriving at loss for the year:

<b>The Group</b>	Note	<b>2019</b> \$	2018 \$
Audit fees paid to auditors of the Company		<b>114,000</b>	110,000
Amortisation of right-of-use assets	6	<b>126,265</b>	-
Depreciation of plant and equipment	7	<b>76,547</b>	156,540
Directors' fee		<b>106,572</b>	64,500
Operating lease expense		<b>85,650</b>	148,942
Listing expenses (included within administrative expenses)		-	1,371,343
		<b>408,120</b>	3,161,767

## 22 Employee benefits expense

<b>The Group</b>	<b>2019</b> \$	2018 \$
Key management personnel's remuneration		
- Short term benefits	<b>396,000</b>	348,000
- Defined contribution plan	<b>12,120</b>	9,360
	<b>408,120</b>	357,360
Other than key management personnel		
- Short term benefits	<b>827,929</b>	2,529,982
- Defined contribution plan	<b>29,133</b>	274,425
	<b>857,062</b>	2,804,407
	<b>1,265,182</b>	3,161,767
Employee benefits expense were included within:		
Cost of sales	<b>341,528</b>	1,815,127
Administrative expenses	<b>923,654</b>	1,346,640
	<b>1,265,182</b>	3,161,767

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 23 Tax credit/expense

<b>The Group</b>	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
		(Restated)
<b>Current tax expense</b>		
Current year	-	228,487
Adjustment for prior years	<b>29,635</b>	-
	<b>29,635</b>	228,487
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	<b>(185,207)</b>	(4,678)
	<b>(155,572)</b>	223,809

### *Reconciliation of tax expense*

<b>The Group</b>	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
		(Restated)
Loss before taxation	<b>(3,833,808)</b>	(4,959,530)
Tax at statutory rate of 17% (2018 - 17%)	<b>(651,747)</b>	(843,120)
Tax effect on non-deductible expenses	<b>61,593</b>	508,977
Non-taxable income	<b>(6,440)</b>	-
Tax grant, exemption and credit	-	(71,850)
Deferred tax assets on tax losses previously not recognised	-	(39,748)
Adjustment for prior years	<b>29,635</b>	-
Deferred tax assets on losses not recognised	<b>411,387</b>	669,550
	<b>(155,572)</b>	223,809

The following have not been recognised:

<b>The Group</b>	<b>2019</b>	2018
	<b>\$'000</b>	<b>\$'000</b>
		(Restated)
Tax losses	<b>3,142</b>	723
Effect of deferred tax assets	<b>534</b>	123

Deferred tax assets have not been recognised in respect of these tax losses due to unpredictability of future profit streams. These tax losses are available for offset against future profits subject to agreement by the tax authorities. As there was a substantial change of the Group's ultimate shareholders on 24 September 2019 the unutilised tax losses of \$2,544 arising from the financial years prior to 24 September 2019 would be forfeited unless the Group submits an application to the Tax Comptroller for waiver of the shareholding continuity test and for which approval is granted.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 24 Loss per share

	2019	2018
The Group	\$	\$
		(Restated)
Loss attributable to ordinary shareholders of the Company	<b>(3,583,218)</b>	(5,284,457)
Weighted average number of ordinary shares in issue during the year	<b>121,108,700</b>	109,715,785
Basic and diluted loss per share (cents per share)	<b>(2.96)</b>	(4.82)

## 25 Related party transactions

Other than as disclosed elsewhere in the financial statements, there were no transactions with related parties during the financial years ended 31 December 2018 and 2019.

## 26 Operating lease commitments

Future minimum lease payments payable under non-cancellable operating lease related to the office premises at 31 December 2018 were as follows:

	2018
The Group	\$
Not later than one year	86,450
Later than one year not later than five years	106,950
	<b>193,400</b>

On adoption of SFRS(I) 16 Leases on 1 January 2019, the Group's operating lease's commitment related to the office premises previously disclosed in the financial statements as at 31 December 2018 was recognised as a lease liability with a corresponding right-of-use asset in the consolidated statement of financial position (Note 2(b)).

## 27 Financial risk management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include: credit risk, liquidity risk, interest rate risk, and foreign currency risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

The Group	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
<b>31 December 2019</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 8)	905,735	-	905,735
Cash and bank balances (Note 10)	73,952	-	73,952
	<b>979,687</b>	<b>-</b>	<b>979,687</b>
<b>Financial liabilities</b>			
Trade and other payables (Note 16)	-	2,605,133	2,605,133
Borrowings (Note 13)	-	1,048,222	1,048,222
Lease liabilities (Note 15)	-	190,836	190,836
	<b>-</b>	<b>3,844,191</b>	<b>3,844,191</b>
<b>31 December 2018 (Restated)</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 8)	1,822,815	-	1,822,815
Cash and bank balances (Note 10)	1,100,847	-	1,100,847
	<b>2,923,662</b>	<b>-</b>	<b>2,923,662</b>
<b>Financial liabilities</b>			
Trade and other payables (Note 16)	-	2,887,271	2,887,271
Borrowings (Note 13)	-	1,168,298	1,168,298
Finance lease liabilities (Note 14)	-	178,457	178,457
	<b>-</b>	<b>4,234,026</b>	<b>4,234,026</b>
<b>1 January 2018 (Restated)</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 8)	4,613,240	-	4,613,240
Cash and bank balances (Note 10)	903,578	-	903,578
	<b>5,516,818</b>	<b>-</b>	<b>5,516,818</b>
<b>Financial liabilities</b>			
Trade and other payables (Note 16)	-	4,643,221	4,643,221
Borrowings (Note 13)	-	1,502,326	1,502,326
Finance lease liabilities (Note 14)	-	179,481	179,481
	<b>-</b>	<b>6,325,028</b>	<b>6,325,028</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

The Company	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
<b>31 December 2019</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 8)	392,011	-	392,011
Cash and bank balances (Note 10)	6,386	-	6,386
	<b>398,397</b>	<b>-</b>	<b>398,397</b>
<b>Financial liabilities</b>			
Trade and other payables (Note 16)	-	2,484,246	2,484,246
<b>31 December 2018</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 8)	2,849,518	-	2,849,518
Cash and bank balances (Note 10)	682,415	-	682,415
	<b>3,531,933</b>	<b>-</b>	<b>3,531,933</b>
<b>Financial liabilities</b>			
Trade and other payables (Note 16)	-	1,879,294	1,879,294
<b>1 January 2018</b>			
<b>Financial assets</b>			
Cash and bank balances (Note 10)	100	-	100
<b>Financial liabilities</b>			
Trade and other payables (Note 16)	-	65,811	65,811

### Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. The Group has adopted the policy of dealing only with creditworthy counterparties. Receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

At the reporting date, other than as disclosed in Notes 8 no allowances for impairment is necessary in respect of trade and other receivables past due and not past due.

#### Significant concentrations of credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. As at 31 December 2019, 2 (2018 - 2) customers collectively accounted for approximately 91% (2018 - 82%) of the Group's total trade receivables. Except as disclosed, there were no other significant concentrations of credit risk at the reporting date.

Cash is held with banks of high credit ratings.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

### Credit risk (Cont'd)

#### Exposure to credit risk

The tables below detail the credit quality of the Group's and the Company's financial assets and other items, as well as maximum exposure to credit risk by internal credit rating grades:

The Group	Note	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<b>31 December 2019</b>					
Trade receivables (Note 8)	(1)	Lifetime ECL	<b>2,206,676</b>	<b>(2,033,449)</b>	<b>173,227</b>
Other receivables (Note 8)	(2)	Lifetime ECL	<b>757,158</b>	<b>(24,650)</b>	<b>732,508</b>
Contract assets (Note 9)	(3)	Lifetime ECL	<b>679,582</b>	<b>(567,582)</b>	<b>112,000</b>
<b>31 December 2018</b>					
Trade receivables (Note 8) (Restated)	(1)	Lifetime ECL	2,433,050	(1,536,724)	896,326
Other receivables (Note 8)	(2)	Lifetime ECL	1,822,815	-	1,822,815
Contract assets (Note 9) (Restated)	(3)	Lifetime ECL	579,361	-	579,361
<b>1 January 2018</b>					
Trade receivables (Note 8) (Restated)	(1)	Lifetime ECL	4,365,002	-	4,365,002
Other receivables (Note 8)	(2)	Lifetime ECL	248,238	-	248,238
Contract assets (Note 9)	(3)	Lifetime ECL	463,208	-	463,208
<b>The Company</b>					
			Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<b>31 December 2019</b>					
Amount due from subsidiaries (Note 8)	(4)	12-month ECL	<b>416,661</b>	<b>(24,650)</b>	<b>392,011</b>
<b>31 December 2018</b>					
Amount due from subsidiaries (Note 8)	(4)	12-month ECL	2,849,518	-	2,849,518

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

### Credit risk (Cont'd)

#### Exposure to credit risk (Cont'd)

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

#### (1) Trade receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to payment history, current financial situation of the debtor, debtor-specific information obtained directly from the debtor and public domain, where available, and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date. At the reporting date, no loss allowance for trade receivables was required except as disclosed.

#### (2) Other receivables

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses (ECL), which is consistent with the approach adopted for trade receivables. The ECL on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the reporting date, no loss allowance for other receivables was required except as disclosed.

#### (3) Contract assets

Loss allowance for contract assets is measured at an amount equal to lifetime expected credit losses, similar to that for trade receivables. Consideration receivable for work performed (net of progress billings to be billed to customers) is recognised as contract assets. At the reporting date, no loss allowance for contract assets was required except as disclosed.

#### (4) Amount due from subsidiaries

The use of advances to assist with the related parties' cash flow management is in line with the Group's capital management. In determining the ECL, management has taken into account the finances and business performance of the related parties, and a forward-looking analysis of the financial performance of investments and projects undertaken by the related parties.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its variable rate bank loans and bank overdraft.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

### Interest rate risk (Cont'd)

#### Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates on variable rate bank loans and a change of 10 basis points (bp) in interest rate on bank overdraft at the reporting date would have increased/(decreased) profit or loss before tax and equity by the amounts shown below

	31 December 2019		31 December 2018		1 January 2018	
	←		Increase/(Decrease)		→	
	Loss before tax \$	Equity \$	Loss before tax \$	Equity \$	Profit before tax \$	Equity \$
Interest rate increase						
- bank loans - 50 bp (2018 - 50 bp); bank overdraft: 10 bp (2018 - 10 bp)	2,800	(2,800)	1,800	(1,800)	(2,300)	(2,300)
Interest rate decrease						
- bank loans - 50 bp (2018 - 50 bp); bank overdraft: 10 bp (2018 - 10 bp)	(2,800)	2,800	(1,800)	1,800	2,300	2,300

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are dominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currencies of the respective Group entities. The currencies that give rise to foreign currency risk are the United States dollar ("USD") and Singapore dollar ("SGD").

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

### Foreign currency risk (Cont'd)

At the reporting date, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies were as follows:

	USD \$	SGD \$	Total \$
<b>The Group</b>			
<b>31 December 2019</b>			
Cash and cash equivalents	2,619	818	3,437
Trade and other payables	-	(49,056)	(49,056)
Net exposure	<b>2,619</b>	<b>(48,238)</b>	<b>(45,619)</b>
<b>31 December 2018</b>			
Cash and cash equivalents	32,317	32,740	65,057
Trade and other payables	(279,976)	(960,855)	(1,240,831)
Net exposure	(247,659)	(928,115)	(1,175,774)
<b>1 January 2018</b>			
Trade and other receivables	-	67,367	67,367
Cash and cash equivalents	62,299	10,154	72,453
Trade and other payables	(137,896)	(856,980)	(994,876)
Net exposure	(75,597)	(779,459)	(855,056)
<b>The Company</b>			
<b>USD</b>			
<b>\$</b>			
<b>31 December 2019</b>			
Cash and cash equivalents			1,544
Net exposure			1,544
<b>31 December 2018</b>			
Cash and cash equivalents			1,544
Net exposure			1,544
<b>1 January 2018</b>			
Cash and cash equivalents			-
Net exposure			-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

### Foreign currency risk (Cont'd)

#### Sensitivity analysis - Foreign currency risk

A 5% (2018 - 5%) strengthening of the USD and SGD against the functional currencies of the Group entities at the reporting date would have increased/decreased profit or loss before tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects.

	31 December 2019		31 December 2018		1 January 2018	
	Loss before tax \$	Equity \$	Loss before tax \$	Equity \$	Profit before tax \$	Equity \$
The Group						
USD	252	(252)	74,117	(74,117)	(3,780)	(3,780)
SGD	(97)	97	(46,406)	46,406	(38,973)	(38,973)

A 5% (2018 - 5%) weakening of the above currencies against the functional currencies of the Group entities at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

	31 December 2019		31 December 2018		1 January 2018	
	Loss before tax \$	Equity \$	Loss before tax \$	Equity \$	Profit before tax \$	Equity \$
The Company						
USD	(77)	77	(660)	660	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 27 Financial risk management (Cont'd)

### Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's liquidity risk management policy is to maintain sufficient liquid financial assets and a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flow, including estimated interest payments.

	← Contractual undiscounted cash flows →				
	Carrying amount \$	Total \$	Less than 1 year \$	Between 2 and 5 years \$	Over 5 years \$
<b>31 December 2019</b>					
Trade and other payables	2,605,133	2,605,133	2,605,133	-	-
Bank loans	576,756	636,785	310,382	326,403	-
Bank overdraft	417,466	417,466	417,466	-	-
Lease liabilities	190,836	206,677	96,048	110,629	-
Loan from shareholders	700,000	700,000	200,000	500,000	-
	<b>4,490,191</b>	<b>4,620,061</b>	<b>3,683,029</b>	<b>937,032</b>	<b>-</b>
<b>31 December 2018</b>					
Trade and other payables	2,887,271	2,887,271	2,887,271	-	-
Bank loans	600,402	679,955	238,361	441,594	-
Bank overdraft	567,896	567,896	567,896	-	-
Finance lease liabilities	178,457	189,655	49,889	123,891	15,875
	4,234,026	4,324,777	3,743,417	565,485	15,875
<b>1 January 2018</b>					
Trade and other payables	4,643,221	4,643,221	4,643,221	-	-
Bills payable	145,085	153,427	153,427	-	-
Bank loans	808,840	924,813	259,601	665,212	-
Bank overdraft	548,401	548,401	548,401	-	-
Finance lease liabilities	179,481	180,397	76,869	103,528	-
	6,325,028	6,450,259	5,681,519	768,740	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 28 Fair value measurement

### Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of variable rate bank loans approximate their fair values.

### Finance lease liabilities

The carrying amounts of finance leases approximate their fair values as they bear interest at rates which approximate the current incremental borrowing rate for similar types of leasing arrangements.

### Fair value measurement of other financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables (excluding advance payment to suppliers, prepaid income tax and prepayments), cash and bank balances, trade and other payables (excluding goods and services tax payable), and borrowings) approximate their fair values because of the short period to maturity.

### Fair value measurement of non-financial instruments

The following table shows the Group's valuation technique used in measuring the fair value of the nonfinancial instruments, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Property, plant and equipment	Direct comparison approach	Adjustment factor	The estimated fair value would increase (decrease) if:
	Cost approach and	Price trend indexes Obsolescence factor	- Adjustment factor was favourable/(not favourable) - Price trend indexes were higher (lower) - Obsolescence factor was lower (higher)
Right-of-use assets	Direct comparison approach	Adjustment factor	The estimated fair value would increase (decrease) if:
	Discounted cash flow method	Incremental borrowing rate	- Adjustment factor was favourable/(not favourable) - Incremental borrowing rate was lower (higher)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 29 Operating segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

- (1) Mechanical and electrical services segment relates to provision of solutions and services in fire protection systems, plumbing and sanitary systems, and heating, ventilation and air-conditioning systems. Our customers include main contractors, property developers, luxury hotels, statutory boards, listed companies and government bodies;
- (2) Turnkey contracting services segment relates to provision of one-stop solutions and services for the entire span of a construction project from planning and design, coordination and supervision and implementation; and
- (3) Management services segment relates to provision of contract work management and fulfilment services.

The chief operating decision-maker monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the chief operating decision-maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intersegment pricing is determined on an arm's length basis.

	Mechanical and electrical services	Turnkey contracting services	Management services	Unallocated	Total
2019	\$	\$	\$	\$	\$
Revenue	1,004,558	-	-	-	1,004,558
Segment results	391,523	-	-	-	391,523
Loss before tax	(1,816,353)	(52,633)	(571,582)	(1,393,240)	(3,833,808)
Segment assets	2,271,926	18,113	586,489	7,349	2,883,877
Segment liabilities	3,002,291	925,808	64,272	1,805,577	5,797,948
<i>Other information</i>					
Interest expense	(84,295)	-	-	-	(84,295)
Exchange loss, net	(595)	(1,221)	-	(269)	(2,085)
Capital expenditure	16,450	-	-	-	16,450
Amortisation of right-of-use assets	(126,265)	-	-	-	(126,265)
Depreciation of property, plant and equipment	(76,101)	(446)	-	-	(76,547)
Impairment loss on right-of-use assets	(54,323)	-	-	-	(54,323)
Impairment loss on trade receivables	(549,390)	-	-	-	(549,390)
Impairment loss on other receivables	-	-	-	(24,650)	(24,650)
Impairment loss on contract assets	-	-	(567,582)	-	(567,582)
Loss on disposal of property, plant and equipment	(59,001)	(3,683)	-	-	(62,684)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 29 Operating segments (Cont'd)

	Mechanical and electrical services	Turnkey contracting services	Management services	Unallocated	Total
2018	\$	\$	\$	\$	\$
Revenue	3,566,406	8,360,494	4,384,645	-	16,311,545
Segment results	1,275,198	(130,623)	567,582	-	1,712,157
Loss before tax	(360,486)	(2,361,426)	565,862	(2,803,480)	(4,959,530)
Segment assets	4,116,536	234,565	1,167,582	742,803	6,261,486
Segment liabilities	3,743,125	1,233,259	60,272	460,665	5,497,321
<i>Other information</i>					
Interest income	90	-	-	-	90
Interest expense	(74,349)	(60)	-	-	(74,409)
Exchange loss, net	(81,351)	(9,230)	-	599	(89,982)
Capital expenditure	150,652	-	-	-	150,652
Depreciation of property, plant and equipment	(150,851)	(5,689)	-	-	(156,540)
Impairment loss on trade receivables	(200,791)	(1,335,932)	-	-	(1,536,723)
Impairment loss on contract assets	-	(716,926)	-	-	(716,926)
Property, plant and equipment written off	(24,120)	-	-	-	(24,120)

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore \$	Maldives \$	Total \$
<b>2019</b>			
Revenue	<b>1,004,558</b>	-	<b>1,004,558</b>
Non-current assets	<b>1,779,278</b>	-	<b>1,779,278</b>
<b>2018</b>			
Revenue	7,951,051	8,360,494	16,311,545
Non-current assets	1,928,289	-	1,928,289

### Information about major customers

During the financial year ended 31 December 2018, sales to 1 (2018 - 1) customer accounted for more than 10% of the Group's total revenue.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 30 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital management and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group currently does not adopt any formal dividend policy.

The Group is not subject to externally imposed capital requirements.

The Group monitors capital using Gearing Ratio, which is calculated using total liabilities divided by total equity.

	<b>31 December 2019</b>	31 December 2018	1 January 2018
	<b>\$</b>	\$	\$
<b>The Group</b>			
Total liabilities (A)	<b>5,797,948</b>	5,497,321	7,131,663
Total equity (B)	<b>(2,914,071)</b>	764,165	1,330,692
Gearing ratio (A)/(B)	<b>#</b>	7.19	5.36

# Not presented as the Group has a deficit in equity.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 31 Prior year adjustments and reclassifications

Certain prior year adjustments and reclassifications have been made to the financial statements to correct the following items:

The Group	As reported \$	Adjustment/ reclassification \$		As restated \$
<b>Consolidated statement of financial position as at 31 December 2018</b>				
Trade and other receivables	6,107,265	(3,454,276)	<b>(a,d,f)</b>	2,652,989
Contract assets	1,296,287	(716,926)	<b>(b)</b>	579,361
Cash and bank balances	1,101,650	(803)	<b>(e)</b>	1,100,847
Accumulated losses	(773,983)	(5,460,723)		(6,234,706)
Trade and other payables	2,117,812	872,338	<b>(c)</b>	2,990,150
Current tax liabilities	738,925	416,380	<b>(d)</b>	1,155,305
<b>Consolidated statement of financial position as 1 January 2018</b>				
Trade and other receivables	5,743,034	(595,973)	<b>(f)</b>	5,147,061
Retained earnings/ (Accumulated losses)	571,945	(1,522,194)		(950,249)
Trade and other payables	3,807,308	926,221	<b>(g)</b>	4,733,529
<b>Consolidated statement of comprehensive income for the year ended 31 December 2018</b>				
Revenue	18,250,296	(1,938,751)	<b>(h)</b>	16,311,545
Cost of sales	(14,652,468)	53,080	<b>(i)</b>	(14,599,388)
Administrative expenses	(4,041,824)	(194,168)	<b>(j)</b>	(4,235,992)
Impairment loss on trade receivables	(200,791)	200,791	<b>(k)</b>	-
Other operating expenses	(308,270)	(2,059,481)	<b>(m,b,j,k)</b>	(2,367,751)
<b>Consolidated statement of cash flows for the year ended 31 December 2018</b>				
Loss before income tax	(1,021,001)	(3,938,529)	<b>(b,h,i,m)</b>	(4,959,530)
Impairment loss on trade receivables	200,791	1,335,932	<b>(m)</b>	1,536,723
Impairment loss on contract assets	-	716,926	<b>(b)</b>	716,926
Operating loss before working capital changes	(69,808)	(1,885,671)		(1,955,479)
Change in contract assets and liabilities	(783,079)	716,926	<b>(b)</b>	(66,153)
Change in trade and other receivables	(735,678)	1,938,751	<b>(h)</b>	1,203,073
Change in trade and other payables	(1,439,496)	(53,883)	<b>(b,i)</b>	(1,493,379)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

## 31 Prior year adjustments and reclassifications (Cont'd)

- In February 2019, the Group's wholly owned subsidiary, Acmes-Power Building Services Pte Ltd ("APBS"), received a notice of termination of the Maldives Project from the project owner. In March 2019, APBS received three notices of claims from the project owner claiming an amount exceeding APBS' trade amounts receivable from the project owner of approximately \$4 million as at 31 December 2018 in respect of compensation for delays in the project, reimbursement of costs of engaging a new contractor to complete unfinished works of APBS and payments made to some suppliers and sub-contractors of APBS.

The Company's consolidated financial statements for the year ended 31 December 2018 ("FY2018") were authorised for issue by the board of directors on 10 April 2019.

In September 2019, APBS reached a settlement with the project owner on a final claim amount of \$4 million which fully offset the \$4 million receivable from the project owner as at 31 December 2018.

In the course of preparing its financial statements for the year ended 31 December 2019, management has re-assessed the flow of events during the project execution in FY2018 leading to the project termination in February 2019. Management has concluded that, based on the facts and circumstances, the project termination should have been accounted for as an adjusting event in preparation of FY2018 financial statements.

Adjustments have been made resulting in a decrease in trade receivables and contract assets of \$3,274,683 (a), \$716,926(b) and an increase in impairment loss on trade receivables of \$1,335,932 (m) and a decrease in revenue of \$1,938,751 (h), respectively

- At 31 December 2017, trade receivables included an amount of \$595,973 (f) which has been reversed against retained earnings at 1 January 2018.
- An amount of \$416,380 (d) has been reclassified from current tax liabilities to "prepaid income tax" within other receivables.
- Trade and other payables as at 1 January 2018 has been adjusted in respect of costs of projects completed in prior years of \$926,221 (g). \$53,080 (i) of the said project costs was paid in FY2018 with a remaining balance of \$872,338 (c) as at 31 December 2018. An amount of \$803 (e) has been reclassified from trade and other payable to cash and bank balances as at 31 December 2018.
- Amounts of \$194,168 (j) have been reclassified from other operating expenses to administrative expenses.
- Impairment loss on trade receivables of \$200,791 (k) has been reclassified to other operating expenses.

## 32 Comparative figures

Certain comparative figures have been reclassified due to prior year adjustments (Note 31).

# STATISTICS OF SHAREHOLDINGS

As at 17 March 2020

## SHARE CAPITAL INFORMATION

Issued and fully paid-up capital	:	\$9,768,303.60
Number of Shares	:	121,108,700
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share

The Company does not have treasury shares and subsidiary holdings.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 17 March 2020, approximately 13.76% of the issued Ordinary Shares of the Company is being held by the public and therefore, Rule 723 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the "Catalist Rules") has been complied with.

## SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST	%	DEEMED INTEREST	%
QRC Pte Ltd	77,670,840	64.13	-	-
Enomoto Hiroyuki	-	-	77,670,840 <sup>(1)</sup>	64.13
Fan Chee Seng	26,778,260	22.11	-	-

Note:

- (1) Mr Enomoto Hiroyuki is the sole shareholder of QRC Pte Ltd. Pursuant to Section 4 of the Securities and Futures Act (Cap 289), Enomoto Hiroyuki is treated as having interest in the shares in the Company held by QRC Pte Ltd for 77,670,840 ordinary shares.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	3	3.09	1,400	0.00
1,001 - 10,000	61	62.89	508,000	0.42
10,001 - 1,000,000	26	26.80	4,885,600	4.03
1,000,001 and above	7	7.22	115,713,700	95.55
<b>TOTAL</b>	<b>97</b>	<b>100.00</b>	<b>121,108,700</b>	<b>100.00</b>

# STATISTICS OF SHAREHOLDINGS

As at 17 March 2020

## TWENTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	QRC PTE LTD	77,670,840	64.13
2	FAN CHEE SENG	26,778,260	22.11
3	RHB SECURITIES SINGAPORE PTE LTD	3,334,600	2.75
4	LOO AH LEK PETER @ LOH AH LAK	2,510,000	2.07
5	CHUA KUANG CHIN	2,150,000	1.78
6	WONG YAI MOW	2,000,000	1.65
7	LIM SHAO-LIN	1,270,000	1.05
8	LYE TONG SONG	773,000	0.64
9	ANG KONG MENG	490,200	0.40
10	LEE TECK SENG	430,000	0.36
11	LOW CHUI HENG	430,000	0.36
12	ALDRICH KOH SHU LIANG (XU SHULIANG)	410,000	0.34
13	DBS NOMINEES PTE LTD	308,500	0.25
14	HO SU CHIN	250,000	0.21
15	TAN KHENG CHAI	207,100	0.17
16	NEO PUAY KEONG	200,000	0.17
17	JOEY CHUA	180,000	0.15
18	TAN KIM SENG	174,100	0.14
19	OCBC SECURITIES PRIVATE LTD	143,000	0.12
20	ONG KIM HONG	130,000	0.11
	<b>TOTAL:</b>	<b>119,839,600</b>	<b>98.96</b>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(5) OF THE RULES OF CATALIST OF THE SGX-ST (THE "CATALIST RULES")

The Directors are seeking re-election at the forthcoming Annual General Meeting of the Company to be convened ("AGM") (the "Retiring Directors").

Pursuant to Rule 720(5) of the Catalist Rules the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

### 1) Mr Fan Chee Seng

Date of Appointment	3 May 2018
Date of last re-appointment	30 April 2019
Age	60
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Fan Chee Seng has more than 20 years of experience in the M&E industry. The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Fan Chee Seng for re-appointment as Executive Chairman of the Company. The Board has reviewed and concluded that Mr Fan Chee Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Fan Chee Seng is responsible for leading and implementing our Group's long-term strategy, vision and mission and the overall management, strategic planning and business development of our Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Executive Director
Professional qualifications	Mr Fan Chee Seng holds a Graduate Diploma in Shipbuilding and Repair Technology from Ngee Ann Technical College. He also holds a Graduate Diploma in Marketing from the Marketing Institute of Singapore.
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> <li>1. 2009 - 2011 MNDLF Marketing Pte Ltd - Director</li> <li>2. 2015 - 2017 J &amp; M E-Tech Pte. Ltd. — Director</li> <li>3. 1996 - 2017 Ruby Link Sdn. Bhd. — Director</li> <li>4. 1996 - 2017 Dynetic Sdn. Bhd. — Director</li> <li>5. 1996 - 2017 Focal Greenway Sdn. Bhd. — Director</li> </ol>
Shareholding interest in the listed issuer and its subsidiaries	26,778,260 ordinary shares - 22.11%
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

<p>Other Principal Commitments* Including Directorships#</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<ul style="list-style-type: none"> <li>• MNMDLF Pte. Ltd.</li> <li>• J &amp; ME-Tech Pte. Ltd.</li> <li>• Ruby Link Sdn. Bhd.</li> <li>• Dyhetic Sdn. Bhd.</li> <li>• Focal Greenway Sdn. Bhd.</li> <li>• DLF Pte. Ltd.</li> <li>• DLF Engineering Pte. Ltd.</li> <li>• DLF Prosper Venture Pte. Ltd.</li> <li>• Acmes-Power Building Services Pte Ltd</li> <li>• Acmes Kings Corporate Pte. Ltd.</li> <li>• Acmes Properties Pte. Ltd.</li> </ul>
<p><b><i>The general statutory disclosures of the Directors are as follows:</i></b></p>	
<p>a)</p>	<p>Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p> <p style="text-align: right;">No</p>
<p>b)</p>	<p>Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p> <p style="text-align: right;">No</p>
<p>c)</p>	<p>Whether there is any unsatisfied judgment against him?</p> <p style="text-align: right;">No</p>
<p>d)</p>	<p>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p> <p style="text-align: right;">No</p>
<p>e)</p>	<p>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p> <p style="text-align: right;">No</p>
<p>f)</p>	<p>Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</p> <p style="text-align: right;">No</p>
<p>g)</p>	<p>Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</p> <p style="text-align: right;">No</p>
<p>h)</p>	<p>Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</p> <p style="text-align: right;">No</p>
<p>i)</p>	<p>Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</p> <p style="text-align: right;">No</p>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.  Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.

## 2) Mr Foo Kia Juah

Date of Appointment	12 December 2019
Date of last re-appointment	Not applicable
Age	70
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (" <b>NC</b> ") and has reviewed and considered the qualification, work experience and suitability of Mr Foo Kia Juah for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Foo Kia Juah possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director and Chairman of the Nominating Committee as well as Remuneration Committee.
Professional qualifications	Mr Foo Kia Juah graduated from Nanyang University with an Honours degree in Government & Public Administration.
Working experience and occupation(s) during the past 10 years	None
Shareholding interest in the listed issuer and its subsidiaries	Nil

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	<ul style="list-style-type: none"> <li>• QRC Pte. Ltd.</li> <li>• Bin Keow Brickworks Pte. Ltd.</li> <li>• Bin Keow Industrial Pte. Ltd.</li> <li>• Buildtah Industrial Pte. Ltd.</li> <li>• Thomson Pacific Asset Management Pte. Ltd.</li> </ul>
<b><i>The general statutory disclosures of the Directors are as follows:</i></b>	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of a listed company?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.  Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.

### 3) Mr Kok Cheang Hung

Date of Appointment	12 December 2019
Date of last re-appointment	Not applicable
Age	49
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (" <b>NC</b> ") and has reviewed and considered the qualification, work experience and suitability of Mr Kok Cheang Hung for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Kok Cheang Hung possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director as well as Chairman of Audit Committee
Professional qualifications	In 1995, Mr. Kok Cheang Hung obtained a Bachelor of Science in Mathematics from University of Malaya, Malaysia and in 2001, he graduated with a Master of Finance from RMIT University, Australia.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> <li>1. 2008 – 2010 DBS Bank Limited/ DBS Vickers Securities — Head of Institutional Sales</li> <li>2. 2010 – 2013 Batsalani Group — Chief Investment Officer</li> <li>3. 2014 – 2017 Bursa Malaysia Berhad — Executive Vice President</li> <li>4. 2018 – 2019 InfoCorp Technologies Pte. Ltd. – Chief Commercial Officer</li> <li>5. 2017 – Present Stellans Capital Pte. Ltd. – Managing Director</li> <li>6. 2017 – Present Kronologi Asia Berhad – Independent Non-Executive Director</li> </ol>
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#  Past (for the last 5 years)          Present	<p>Directorships:</p> <ul style="list-style-type: none"> <li>• InfoCorp Technologies Pte. Ltd.</li> </ul> <p>Principal Commitments:</p> <p>None</p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• Kronologi Asia Berhad <ul style="list-style-type: none"> <li>o Chairman, Audit Committee</li> <li>o Member, Nomination Committee</li> <li>o Member, Remuneration Committee</li> </ul> </li> <li>• Stellans Capital Pte. Ltd.</li> </ul> <p>Principal Commitments:</p> <ul style="list-style-type: none"> <li>• Stellans Capital Pte. Ltd.</li> </ul>
<b><i>The general statutory disclosures of the Directors are as follows:</i></b>	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</li> </ul> in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## 4) Mr Tee Hian Chong

Date of Appointment	12 December 2019
Date of last re-appointment	Not applicable
Age	45
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (" <b>NC</b> ") and has reviewed and considered the qualification, work experience and suitability of Mr Tee Hian Chong for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Tee Hian Chong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director as well as a Member of the Audit Committee, Remuneration Committee and Nominating Committee
Professional qualifications	Mr. Tee Hian Chong obtained a Bachelor of Business Administration from Monash University (Australia).
Working experience and occupation(s) during the past 10 years	1. 2008 – 2013 Singapore Workforce Development (WDA) — Senior Manager 2. 2013 – Present Eightyeight Solutions Pte. Ltd. – Managing Director
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	None
Present	<ul style="list-style-type: none"> <li>● Eightyeight Solutions Pte. Ltd.</li> <li>● Eightyeight Consultancy Pte. Ltd.</li> </ul>
<b>The general statutory disclosures of the Directors are as follows:</b>	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</li> </ul> in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## 5) Mr Yusaku Mishima

Date of Appointment	12 December 2019
Date of last re-appointment	Not applicable
Age	33
Country of principal residence	Japan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (" <b>NC</b> ") and has reviewed and considered the qualification, work experience and suitability of Mr Yusaku Mishima for re-appointment as Non-Independent and Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Yusaku Mishima possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Independent and Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director as well as a Member of Audit Committee, Remuneration Committee and Nominating Committee.
Professional qualifications	Mr. Yusaku Mishima obtained the International Baccalaureate from United World College of the Adriatic and in 2009, he graduated with a Bachelor of Science in Biochemistry with minor in Economics from McGill University.
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> <li>1. 2010 – 2012 Embassy of Japan in Kingdom of Bahrain — Administrative Officer</li> <li>2. 2013 – 2014 Daiichi Seiko Co., Ltd. — Marketing Officer</li> <li>3. 2015 – 2018 Backoffice Co., Ltd. — Senior Consultant</li> <li>4. 2018 – Present QRC JP Co., Ltd. – Chief Executive Officer</li> <li>5. 2018 – Present QRC Pte. Ltd. – Chief Executive Officer</li> <li>6. 2019 – Present Infinity Blockchain Labs Limited – Chief Executive Officer</li> </ol>
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Yusaku Mishima is the director of the controlling shareholder, QRC Pte Ltd
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	None
Present	Directorships: <ul style="list-style-type: none"> <li>● QRC JP Co., Ltd.</li> <li>● QRC Pte. Ltd.</li> <li>● Infinity Blockchain Labs Limited</li> </ul>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

<b><i>The general statutory disclosures of the Directors are as follows:</i></b>		
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</li> </ul> in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

<b>Disclosure applicable to the appointment of Director only</b>	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.