CLEANER WATER
FOR THE FUTURE

SANLI ENVIRONMENTAL LIMITED
ANNUAL REPORT 2019

CONTENTS

OUR VISION

To be a leading environmental solutions company capable of meeting the needs of tomorrow.

OUR MISSION

To provide reliable and cost-effective total solutions for water and waste management, driven by innovation and executional excellence.

CORPORATE PROFILE

We are an environmental engineering company with more than ten years of experience in the field of water and waste management. Our expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of mechanical and electrical equipment as well as process, instrumentation and control systems in wastewater treatment plants, water reclamation plants, NEWater plants, waterworks, service reservoirs, pumping stations and incineration plants.

Our business is divided into two main business segments:

ENGINEERING, PROCUREMENT AND CONSTRUCTION

- We provide engineering, procurement and construction services within the field of water and waste management.
- Our services include process upgrading of existing water treatment plants, upgrading of pumping station capacities, replacement of aged mechanical and electrical equipment, and design and build of various treatment process systems.
- Contracts are usually between one to three years in duration.
  - WATER MANAGEMENT
    Engineering solutions and services for the treatment of raw water and used water.
  - WASTE MANAGEMENT
    Engineering solutions and services for the treatment of refuse in incineration plants.

OPERATIONS AND MAINTENANCE

- We provide corrective and preventive maintenance services to ensure reliability and minimal disruptions to customers' operations.
- Contracts are usually between two to three years in duration.

Backed by our strong engineering capabilities, we have the ability to integrate mechanical, electrical and process engineering expertise to provide customised, cost and time efficient integrated engineering solutions and services to our customers.

OUR CORE VALUES

BOLDNESS
We dare to step into the unknown to create a better environment for our society.

UNITY
We strive together as one family to achieve success.

SAFETY FIRST
We believe that no job or task is so important that we can risk our colleagues' and stakeholders' lives for.

BE DIFFERENT
We think out of the box when providing solutions for our clients.

INTEGRITY
We believe that honesty is the best policy to ensure a healthy and long-term relationship between our partners and us.

CEO'S MESSAGE

AS WE CONTINUE TO GROW THE BUSINESS, WE WILL ENDEAVOR TO DELIVER SUSTAINABLE DIVIDEND PAYOUT TO OUR SHARE-HOLDERS.

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**"), it is my pleasure to present to you, the annual report of Sanli Environmental Limited ("**Sanli**" or the "**Company**") and together with its subsidiaries (the "**Group**"), for the financial year ended 31 March 2019 ("**FY2019**").

PRESSING ON IN SPITE OF CHALLENGES

The past financial year remained challenging, with increasing trade frictions on the global front, a change in Malaysia's government and global economic uncertainties, amongst other factors. Against that backdrop, the team worked relentlessly. The Engineering, Procurement and Construction ("**EPC**") segment remained the Group's largest revenue contributor, accounting for 81.0% of the Group revenue. Revenue from the EPC segment remained steady, growing 3.0% to S$57.8 million in FY2019.

This was however, offset by the 30.6% decline in revenue from the Operations and Maintenance ("**O&M**") segment to S$13.5 million. As a result, the Group recorded revenue of S$71.4 million in FY2019, which was 5.6% lower year-on-year.

The overall economic uncertainty invariably led to increased competition. Despite that, Sanli's established track record and expertise provided it with an edge over its competitors.

This can be evidenced by Sanli's contract wins in Singapore, as well as the progress with its expansion into Myanmar. Despite the challenging business environment, the Group managed to secure a few notable contracts.

One of the more significant contract wins was an EPC sub-contract from the Boskalis / Penta-Ocean Joint Venture in November 2018, for works at Pulau Tekong. The Boskalis / Penta-Ocean Joint Venture is the main contractor for the landmark polder development project at Pulau Tekong.

Another significant win was a S$51.0 million EPC contract from the Singapore Public Utilities Board in January 2019, for works to be carried out at the Kranji water reclamation plant. I believe that being awarded such significant contracts is a reflection of the level of confidence our customers have in Sanli's capabilities.

The Group's efforts in establishing its presence in Myanmar is beginning to bear fruit. Towards the end of FY2019, the Group secured two EPC contracts from the Myanmar government, worth a total of S$4.3 million.

These contract wins have greatly encouraged the team, and the contracts are expected to contribute to Sanli's revenue for the next three years. While competition is likely to remain intense, we will continue to press on, to grow the business further in Singapore and Myanmar.

In order to position ourselves for more growth, Sanli needs to have the capability to take on projects of a larger scale. To facilitate that, Sanli moved to its new and larger premises at 28 Kian Teck Drive, occupying a land area of 2,267 sqm, during FY2019.

DIVIDEND

The Group achieved net profit attributable to shareholders of S$2.2 million for FY2019. To thank shareholders for their unwavering support, we are pleased to declare a final dividend of 0.25 cent per share, which translates into a payout ratio of 30.3%. As we continue to grow the business, we will endeavor to deliver sustainable dividend payout to our shareholders.

LOOKING AHEAD

The current financial year is expected to be yet another challenging year, with geopolitical uncertainties, weaker global trade, rising interest rates as well as trade tensions between US and China weighing down overall sentiment.

Regardless, creating a sustainable water supply in Singapore will always be an important focus for the Singapore government. As such, the public sector water and waste management is likely to remain stable. While this bodes well for the Group, it would also, in turn, attract more competition. While large-scale public sector projects such as the Deep Tunnel Sewerage System, NEWater and desalinated water offer much business opportunities for Sanli, we must remain vigilant, and we will continue to monitor our operations and manage our costs effectively in order to stay ahead.

Similarly, even as the Group is making good progress with its expansion into Myanmar, we will continue to undertake careful and comprehensive evaluation of areas for potential future growth, to grow our footprint regionally.

The Group will continue to leverage on its strong capabilities and experience, to secure more contracts.

IN APPRECIATION

I would like to thank my fellow Directors, for their counsel during the year. Together with the Board, I would like to express our gratitude and appreciation to Mr Pek Kian Boon, who has resigned from the Board (on 31 January 2019), for his contributions to the Group as an Executive Director. Our deep appreciation also goes out to the management and staff, for their dedication and perseverance. We are also thankful for our customers and business partners, for their support and confidence in Sanli. Last but not the least, to our shareholders, thank you for your continued belief in Sanli.

Sim Hock Heng
Chief Executive Officer

OPERATIONS & FINANCIAL REVIEW

SANLI'S EPC SEGMENT REMAINED ITS LARGEST REVENUE CONTRIBUTOR, ACCOUNTING FOR 81.0% OF THE GROUP REVENUE IN FY2019.

OVERVIEW

The Group registered revenue of S$71.4 million for the financial year under review ("**FY2019**"), which was a decrease of 5.6% from the S$75.6 million recorded for the previous financial year ended 31 March 2018 ("**FY2018**"). The decrease was mainly attributed to lower contribution from its Operations and Maintenance ("**O&M**") segment, which was partially offset by revenue growth from the Engineering, Procurement and Construction ("**EPC**") segment.

Engineering, Procurement and Construction

Sanli's EPC segment remained its largest revenue contributor, accounting for 81.0% of the Group revenue in FY2019. The segment remained steady, with revenue increasing by 3.0% year-on-year to S$57.8 million. This increase was contributed by the execution of work for contracts that had been secured in prior years, however this was offset by fewer execution of work for those contracts that were secured in FY2019.

REVENUE FY2019

S$71.4 mil

5.6% ▼

(FY2018 : S$75.6 mil)

EPC REVENUE FY2019

S$57.8 mil

3.0% ▲

(FY2018 : S$56.1 mil)

GROSS PROFIT FY2019

S$9.8 mil

10.2% ▼

(FY2018 : S$10.9 mil)

O&M REVENUE FY2019

S$13.5 mil

30.6% ▼

(FY2018 : S$19.5 mil)

Key EPC projects and their respective revenue contributions in FY2019 include:

1. Process upgrading at Choa Chu Kang Waterworks, ozone and biologically activated carbon facilities (S$22.0 million);

2. Replacement of mechanical and electrical equipment at Ulu Pandan Water Reclamation Plant (S$7.2 million);

3. Replacement of 6.6V and 400V diesel generators at 9 catchment and waterways installations (S$6.2 million);

4 Replacement of 6.6V switchgears, 415V switchboards, transformers, cables and ancillaries at Johor Plants (S$4.9 million);

5. Design, manufacture, delivery, installation, training and testing & commissioning of Hydrated Lime storage, feed and saturation system (S$2.2 million); and

6. Supplies including consumables for the completion of clarifiers upgrade at Johor River Waterworks (S$2.0 million).

Operations and Maintenance

The Group's O&M segment recorded a revenue of S$13.5 million in FY2019. This was 30.6% lower than the previous financial year. The lower revenue was mainly attributed to a decrease in the execution of servicing and overhaul maintenance works due to increased competition.

Key O&M projects and their respective revenue contributions in FY2019 include:

1. Servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants (S$3.9 million);

2. Maintenance of mechanical and electrical equipment at Changi Water Reclamation Plant (S$3.4 million); and

3. Maintenance of electrical motors and actuators at Johor River Waterworks (S$1.2 million).

PROFITABILITY

Cost of contract works decreased by 4.9% to S$61.6 million in FY2019, in tandem with the decrease in revenue. Gross profit decreased by 10.2% to S$9.8 million in FY2019, mainly due to the decrease in gross profit from the O&M segment. Gross profit margin decreased by 0.7 percentage point to 13.7% in FY2019, as there was lower contribution from the O&M segment, which generally yields a higher gross profit margin as compared to the EPC segment.

Other income increased by 16.8% to S$0.4 million in FY2019, due to an increase in government grants received. Administrative expenses increased by 16.9% to S$6.1 million during the financial year, mainly due to (i) increase in employees' remuneration resulting from an increase in salaries and headcount for the Group's business development department and (ii) additional professional fees, advertising, exhibition, travelling and office expenses incurred in relation to the Group's expansion into Myanmar.

Other operating expenses decreased from S$1.9 million in FY2018 to S$1.1 million in FY2019, mainly due to the recognition of one-off IPO expenses of S$1.2 million in FY2018. Depreciation of property, plant and equipment increased slightly by S$0.5 million in FY2019 due to the depreciation of the Group's new leasehold property at 28 Kian Teck Drive.

Finance costs decreased by 59.4% to S$0.1 million in FY2019. The Group had incurred a fixed interest for the convertible loan in FY2018. The convertible loan has been fully converted into shares. As a result, the Group's profit before tax decreased by 26.4% to S$2.8 million in FY2019.

FINANCIAL POSITION

The Group's net asset value ("**NAV**") as at 31 March 2019 was higher at S$26.7 million, compared with S$24.9 million as at 31 March 2018. This translates into a NAV per share of 9.9 cents as at 31 March 2019.

Current assets increased by 6.0% to S$40.8 million as at 31 March 2019, mainly due to significant billings made in March 2019, as well as increased contract assets due to work done for the execution of various on-going projects. Non-current assets increased by 3.6% to S$11.2 million as at 31 March 2019, mainly due to an increase in property, plant and equipment.

Current liabilities increased by 5.3% to S$22.7 million as at 31 March 2019, mainly due to an increase in trade and other payables, partially offset by decreases in contract liabilities and income tax payable. Non-current liabilities decreased by 7.1% to S$2.6 million as at 31 March 2019 with lower borrowings and finance leases.

CASH FLOWS

The Group generated cash of S$3.3 million from operations in FY2019. Adjusting for income tax paid of S$0.9 million, net cash from operating activities amounted to S$2.3 million. Net cash used in investing activities amounted to S$1.7 million, mainly due to purchases of property, plant and equipment. Net cash used in financing activities amounted to S$1.2 million mainly due to the payment of dividend and the repayment of borrowings and finance leases. As a result, overall cash and cash equivalents decreased by S$0.5 million to S$8.8 million in FY2019.

PROJECT GALLERY

ENGINEERING, PROCUREMENT AND CONSTRUCTION

Process upgrading at Choa Chu Kang Waterworks - Ozone and Biologically Activated Carbon Facilities.

Replacement of Mechanical and Electrical Equipment at Ulu Pandan Water Reclamation Plant.

Electrical, Instrumentation, Control and Automation Works for Murnane project at Murnane Reservoir.

Replacement of pumpsets at Kranji and Tengeh Pumping Station.

Replacement of 6.6V and 400V Diesel Generators at 9 Catchment and Waterways Installations.

Expansion of Plant Power Supply at Jurong Water Reclamation Plant.

Design, Engineering, Manufacturing, Testing, Delivery and Erection & Commissioning of FO-RO Pilot Plant.

OPERATIONS AND MAINTENANCE

Overhaul of Pumps in Catchment & Waterways.

Maintenance of Electrical Motors and Actuators at Johor River Waterworks.

Maintenance of Mechanical and Electrical Equipment at Changi Water Reclamation Plant.

Servicing and Maintenance of Screening, Sludge, Grit and related equipment at various Water Reclamation Plants.

BOARD OF DIRECTORS

NG LIP CHI, LAWRENCE
Non-Executive Chairman and Independent Director

Mr Ng Lip Chi, Lawrence is our Non-Executive Chairman and Independent Director. He was appointed to our Board on 11 May 2017. Mr Ng is an executive director of NLC Advisory Pte. Ltd. which provides corporate advisory and business consultancy services. Mr Ng has extensive experience in international mergers and acquisitions and corporate finance, having worked in professional and financial services firms such as Arthur Andersen, Credit Agricole Indosuez Merchant Bank Asia Ltd and DBS Bank Ltd, as well as the corporate finance team of an Asian natural resources conglomerate. Mr Ng is a Chartered Financial Analyst and holds a Bachelor of Business Administration degree from the National University of Singapore.

SIM HOCK HENG
Chief Executive Officer

Mr Sim Hock Heng is our Chief Executive Officer and was appointed to our Board on 27 February 2017. Mr Sim co-founded our Group with our Executive Director, Mr Kew Boon Kee and our ex-Executive Director, Mr Pek Kian Boon who has resigned from the Board. Mr Sim oversees the overall business operations and general management of our Group.

He has more than 20 years of experience in the field of water and waste management. Mr Sim joined Dayen Environmental Ltd ("**Dayen**", now known as Moya Holdings Asia Limited) in 1995, where he was involved in tender preparation and project management. He left Dayen as a project manager in February 2005. Prior to co-founding our Group, Mr Sim was engaged by Dayen as a freelance project manager to complete an on-going project until March 2006. Mr Sim graduated with a Diploma in Electrical Engineering in April 1991 from Singapore Polytechnic and subsequently obtained a Bachelor of Science degree from SIM University in September 2007.

KEW BOON KEE
Executive Director

Mr Kew Boon Kee is our Executive Director and was appointed to our Board on 27 February 2017. Together with Mr Sim Hock Heng, our Chief Executive Officer, and Mr Pek Kian Boon, our ex-Executive Director, who has resigned from the Board, Mr Kew co-founded our Group. Mr Kew is in charge of our Engineering, Procurement and Construction segment, Operations and Maintenance segment as well as our workplace, health and safety function. Mr Kew joined Dayen as a project engineer and was responsible for managing water and wastewater projects between February 1999 and February 2005. Prior to co-founding our Group, Mr Kew was engaged by Dayen as a freelance project engineer to complete an on-going project until March 2006. Mr Kew graduated with an Engineering Diploma from the Federal Institute of Technology in February 1994 and a Bachelor of Engineering degree with Second Class Honours (First Division) in Electrical and Electronic Engineering from University of Sunderland in June 1996.

LEE TIEN CHIAT
Executive Director

Mr Lee Tien Chiat is our Executive Director and was appointed to our Board on 27 February 2017. Mr Lee is in charge of our procurement function, workshop and fabrication team as well as our design team. He has more than 20 years of experience in project management and implementation. Prior to joining our Group in October 2007, Mr Lee was a project manager in Dayen where he was in charge of project management in the field of water and waste management between September 1999 and September 2007. Mr Lee graduated with a Bachelor of Science degree in Mechanical Engineering from National Taiwan University in June 1995 and a Master of Science degree (Environmental Engineering) from Nanyang Technology University in February 2005.

CHAN HOCK LEONG
Independent Director

Mr Chan Hock Leong is our Independent Director and was appointed to our Board on 11 May 2017. Mr Chan is currently a senior partner and head of audit and assurance of Mazars LLP Singapore. Prior to joining Mazars LLP Singapore in November 2011, Mr Chan was an audit partner at BDO Singapore between November 2007 and October 2011 where he managed audit assignments, financial due diligence engagements and listing projects. He also set up and headed the technical training team in BDO Singapore. Mr Chan graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in July 1993. Mr Chan is a member of the Institute of Singapore Chartered Accountants ("**ISCA**") and a fellow of the Association of Chartered Certified Accountants ("**ACCA**"). He is a senior quality assurance advisor on the Senior Quality Assurance Advisor Panel for ISCA Quality Assurance Review Programme and a member of the Membership Committee of ISCA. He is also a member of the ACCA Singapore Network Panel.

ELAINE BEH PUR-LIN
Independent Director

Ms Elaine Beh Pur-Lin is our Independent Director and was appointed to our Board on 11 May 2017. Ms Beh is currently a partner of Virtus Law LLP, a law firm in Singapore and her principal areas of practice are in capital markets and mergers and acquisitions. Ms Beh graduated with a Bachelor of Laws degree (Honours) from the National University of Singapore in 1989. She is an advocate and solicitor of the Supreme Court of Singapore. Ms Beh is a member of the Singapore Institute of Directors, The Law Society of Singapore and the Singapore Academy of Law.

KEY MANAGEMENT

TOH CHIEW KHIM, PHYLLYST

Chief Financial Officer

Ms Toh Chiew Khim, Phyllyst joined our Group on 1 September 2016 and is our Chief Financial Officer. She oversees the full spectrum of the Group's strategic financial planning and analysis, accounting, taxation, corporate finance and treasury matters, ensuring compliance with financial regulations and reporting standards. Before joining our Group, Ms Toh served for 13 years in Tiong Woon Corporation Holding Ltd ("**TWC**"), a leading integrated heavy lift specialist and service provider listed on the Mainboard of the SGX-ST. She was appointed as Group Financial Controller of TWC in 2003, and was promoted to Chief Financial Officer in 2008.

Prior to that, she was the Group Financial Controller of Cityneon International Pte Ltd from 1998 to 2003. Ms Toh had also previously worked in Informatics Holdings Ltd for 11 years where she held various key accounting appointments. Ms Toh graduated with a Diploma in Business Studies from Ngee Ann Polytechnic in August 1985 and subsequently attained Fellowship of the Association of Chartered Certified Accounts. She is a Fellow of the Institute of Singapore Chartered Accountants.

CHUA CHWEE TIAN, ANDREW

General Manager (Tender and Business Development)

Mr Chua Chwee Tian, Andrew joined our Group in 2014 as a Senior Project Manager, where he oversaw the execution of an Engineering, Procurement and Construction project in Ulu Pandan Water Reclamation Plant. He was promoted to General Manager for the Engineering, Procurement and Construction Division, and assisted our Directors in managing several project teams in the Engineering, Procurement and Construction segment. He served as a Council Member of our Safety Committee which oversaw our Group's workplace safety and health matters.

Mr Chua subsequently assumed the role of our Group's Business Development Manager, where he assisted our Directors in spearheading our business development activities for business including government related municipal sector and overseas expansion activities. Mr Chua was instrumental in assisting the setting up of our subsidiary company; Sanli Environmental (Myanmar) Company Limited in Yangon, Myanmar in January 2018 and was directly involved in the sales and marketing activities of Sanli Environmental (Myanmar) Company Limited.

Mr Chua was appointed as the General Manager for Tender and Business Development and key management of the Group in 2019. He manages the Tender and Business Development Department in the tendering, sales and marketing, and business development activities for the Group.

Mr Chua has over 30 years of experience in project management and business development in environmental engineering and pumping business. Prior to joining the Group, he spent 11 years with Mectron Engineering Pte Ltd as a project manager where he oversaw their project management of Odour Control and Pumping business. He also served 2 years as their Business Development Manager.

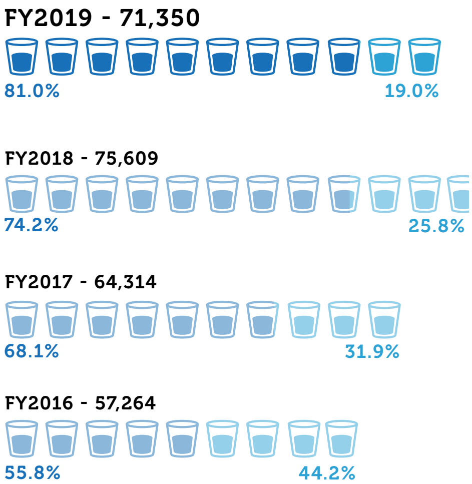
Mr Chua graduated from Ngee Ann Polytechnic in August 1986 with a Diploma in Public Health Engineering and subsequently obtained a Bachelor of Engineering (Environmental) degree from Deakin University in 2001.

FINANCIAL HIGHLIGHTS

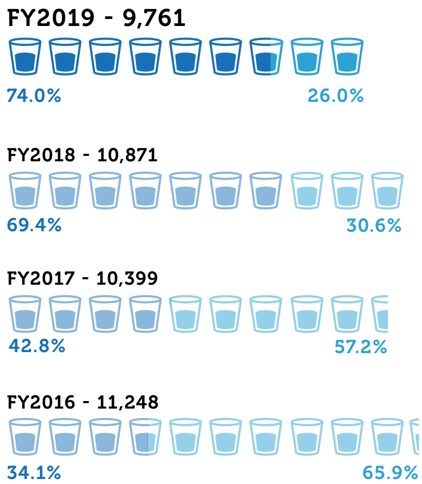
Engineering, Procurement and Construction

Operations and Maintenance

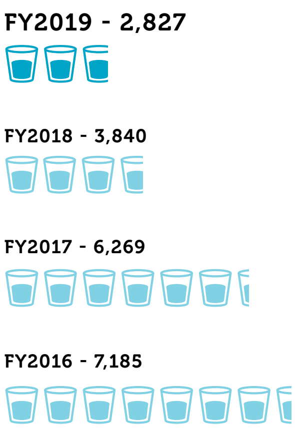
REVENUE (S$'000)



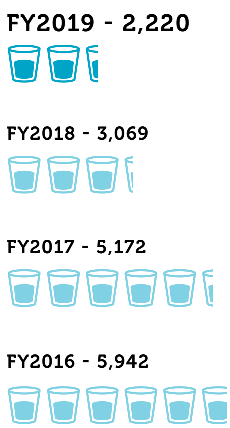
GROSS PROFIT (S$'000)



PROFIT BEFORE TAX (S$'000)



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$'000)



CORPORATE SOCIAL RESPONSIBILITY

Management and employees doing their part for the community by packing and delivering welfare bags to beneficiaries – Lee Ah Mooi Old Age Home.

GIVING BACK TO THE COMMUNITY

While achieving business goals is important, Sanli aims to make a positive impact and contribute to society.

In February 2019, Sanli participated in Run For Hope 2019, a corporate charity run organised by Four Seasons Hotel Singapore and the National Cancer Centre Singapore. A total of 50 runners from different departments took part in the 10KM and 3.5KM run challenges, and funds were raised for the NCC Research Fund.

Management and employees involved and supporting a corporate charity run, to raise funds for the NCC Research Fund – Run For Hope 2019.

In June 2019, we held our second corporate social responsibility ("**CSR**") event where more than 60 senior management and employees participated.

For the second year running, Sanli's management and employees contributed to the community by helping to pack and deliver 110 welfare bags, filled with healthy food and daily necessities, to the beneficiaries at Lee Ah Mooi Old Age Home.

The nursing home started out providing nursing care for retired Samsui women and Amahs, whose hard work contributed to Singapore's development, both as a colony and as a nation. Currently, the nursing home is dedicated to providing high quality healthcare services to 110 aged residents.

Sanli intends to continue supporting various community events and organisations, to do its part for society and the environment.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Lip Chi, Lawrence
(Non-Executive Chairman and Independent Director)

Sim Hock Heng
(Chief Executive Officer)

Kew Boon Kee
(Executive Director)

Lee Tien Chiat
(Executive Director)

Chan Hock Leong
(Independent Director)

Elaine Beh Pur-Lin
(Independent Director)

AUDIT COMMITTEE

Chan Hock Leong
(Chairman)

Ng Lip Chi, Lawrence

Elaine Beh Pur-Lin

NOMINATING COMMITTEE

Elaine Beh Pur-Lin
(Chairman)

Ng Lip Chi, Lawrence

Chan Hock Leong

Sim Hock Heng

REMUNERATION COMMITTEE

Ng Lip Chi, Lawrence
(Chairman)

Chan Hock Leong

Elaine Beh Pur-Lin

COMPANY SECRETARY

Goh Siew Geok ACS, ACIS

REGISTERED OFFICE

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SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-in-charge:
Michael Ng Wee Kiat
(Appointed since financial year ended 31 March 2017)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Maybank Singapore Limited
200 Jalan Sultan #01-02
Textile Centre
Singapore 199018

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard Level 29
Marina Bay Financial Centre (Tower 1)
Singapore 018981

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Directors**") of Sanli Environmental Limited (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance to shareholders and is committed to ensuring the practices recommended in the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide as published by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**") are practiced throughout the Group.

The revised Code of Corporate Governance (the "**2018 Code**") was issued by the Monetary Authority of Singapore on 6 August 2018 which supersedes and replaces the Code. The 2018 Code will be effective for financial years beginning from 1 January 2019. The Group will review and present its compliance with the 2018 Code in the next Annual Report. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which will maximise long-term shareholders' value and protect the interests of shareholders.

For the financial year ended 31 March 2019 ("**FY2019**"), the Company has adhered to the principles and guidelines set out in the Code and the Guide, where applicable, and will continue to review its practices on an on-going basis. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

The Company will also continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the SGX-ST.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board 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 is entrusted to lead and oversee the Group, with the fundamental principle to act in the best interests of the Group. In addition to its statutory duties, the Board's principle functions include:

(a) To set and direct strategic plans and performance objectives of the Group, to provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
(b) To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
(c) To review Management performance and advice on the Group's policies and procedures;
(d) To conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resource allocation;
(e) To review and approve financial plans and financial results, annual budgets, proposals for acquisitions, investments and disposals, material borrowings, fund raising exercises and announcements;
(f) To identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(g) To set the Group's values and standards, including ethical standards, and ensure that obligations to shareholders and other stakeholders are understood and met;
(h) To consider sustainability issues, such as environmental and social factors, as part of its strategic formulation;
(i) To review performance and succession planning of the key management personnel; and
(j) To monitor and ensure the Group's compliance with good corporate governance practices.

Each Director is expected, during the course of carrying out his/her duties, to exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to make decisions objectively at all times, as fiduciaries, in the best interest of the Group.

CORPORATE GOVERNANCE REPORT

To facilitate effective management, the Audit Committee (the "**AC**"), Remuneration Committee (the "**RC**") and Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"), have been constituted to assist the Board in the discharge of specific responsibilities. The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The role and function of each committee is described in subsequent sections in this report. The compositions of the Board Committees are as follows:-

	AC	NC	RC
Chairman	Chan Hock Leong	Elaine Beh Pur-Lin	Ng Lip Chi, Lawrence
Member	Ng Lip Chi, Lawrence	Ng Lip Chi, Lawrence	Chan Hock Leong
Member	Elaine Beh Pur-Lin	Chan Hock Leong	Elaine Beh Pur-Lin
Member	–	Sim Hock Heng	–

The schedule of all Board and Board Committees meetings and the Annual General Meeting ("**AGM**") for each financial year is planned well in advance, in consultation with the Directors. The Board will meet at least two (2) times a year at regular intervals and on an ad-hoc basis where warranted by the circumstances. The constitution of the Company (the "**Constitution**") also provides for telephonic and video-conference meetings. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.

The number of Board and Board Committees meetings held during FY2019 and the attendance of each Director, where relevant, are as follows:-

	Board		AC		NC		RC	
	Number of Meetings		Number of Meetings		Number of Meetings		Number of Meetings	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Sim Hock Heng	2	2	NA	NA	1	1	NA	NA
Kew Boon Kee	2	2	NA	NA	NA	NA	NA	NA
Lee Tien Chiat	2	2	NA	NA	NA	NA	NA	NA
Pek Kian Boon*	2	2	NA	NA	NA	NA	NA	NA
Ng Lip Chi, Lawrence	2	2	2	2	1	1	1	1
Chan Hock Leong	2	2	2	2	1	1	1	1
Elaine Beh Pur-Lin	2	2	2	2	1	1	1	1

Note: *Mr Pek Kian Boon resigned as Executive Director of the Company on 31 January 2019.

NA: Not Applicable

The Board has adopted a set of guidelines on matters that require its approval which include, amongst others, the following:

- Material acquisitions or disposals of assets, major funding proposals and investments;
- Corporate strategy and business plans;
- Share issuance, recommending dividend payments and other returns to shareholders;
- Annual budgets, financial results announcements, annual report and audited financial statements for each financial year;
- The appointment and remuneration packages of the directors and key management personnel;
- Approving appointments to the board and the various board committees; and
- Material interested person transactions, matters involving conflict of interest for a substantial shareholder or a Director and assuming responsibility for corporate governance practices.

While matters relating to the Group's strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operations and administration of the Group.

All newly appointed Directors will undergo an orientation programme and be briefed by the Management on the Group's business, operations, structure and governance practices relating to, *inter alia*, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. For a first-time Director who does not have prior experience as a director of a public listed company in Singapore, the Company will arrange for the first-time Director to attend the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors ("**SID**") on the roles and responsibilities of a director of a listed company and other training institutions in areas such as management accounting, legal and industry-specific knowledge, where appropriate. To obtain a better understanding of the Group's business, the first-time Director will have the opportunity to visit the Group's operational offices and facilities and meet with the key management personnel(s).

The Company is responsible for arranging and funding briefings, updates, seminars and training courses for the Directors. The Board is updated, from time to time, when new laws or regulations affecting the Group are introduced. The professional advisors to the Company will conduct briefings and presentations to update the Board in areas such as corporate governance, changes to laws and regulations pertaining to the Group's business and operations, and changes in financial reporting standards. The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors of the Company.

During FY2019, the Directors were provided with briefings and updates on: (i) the developments in financial reporting and governance standards by the external auditors; and (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board and Board Committee meetings. The Executive Directors have attended training courses organised by SID in relation to Director Financial Reporting Fundamentals and Stakeholder Engagement.

All Board Committees are constituted with clear terms of references to assist the Board in discharging its functions and responsibilities. Formal letters of appointment and terms of references are furnished to every newly-appointed director upon their appointment, explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board.

Board Composition and Guidance

Principle 2 : *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board comprises six (6) Directors of whom three (3) are Independent Directors. The Directors as at the date of this report are:-

Name of Director	Designation
Ng Lip Chi, Lawrence	Non-Executive Chairman and Independent Director
Sim Hock Heng	Chief Executive Officer ("**CEO**")
Kew Boon Kee	Executive Director
Lee Tien Chiat	Executive Director
Chan Hock Leong	Independent Director
Elaine Beh Pur-Lin	Independent Director

Accordingly, Guidelines 2.1 and 2.2 of the Code are met as the Independent Directors have make up at least one third (1/3) of the Board, as the Non-Executive Chairman and the CEO are not the same person. This enables the Board to exercise independent and objective judgement on corporate affairs and no individual or small group of individuals dominate the decisions of the Board. The Company is not required under Guideline 3.3 of the Code to appoint a Lead Independent Director.

Under Provision 2.3 of the 2018 Code, it provides that Non-Executive Directors shall make up a majority of the Board. As the 2018 Code is only effective for the Company's financial year commencing 1 January 2019, the Board will meanwhile deliberate whether the Company will make any changes to the Board's composition.

The NC, reviews the independence of each Director on an annual basis, in accordance with the Guidelines as set out in the Code, the 2018 Code and the Catalist Rules. Each of the Independent Directors has completed a declaration form and confirmed his/her independence. The Independent Directors being, Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong, and Ms Elaine Beh Pur-Lin, have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the 2018 Code. In relation to the assessment of the independence of the Directors, specific tests of Directors' independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019, it stipulates that a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three (3) financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the current or any of the past three (3) financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three (3) financial years.

The NC has reviewed and confirmed the independence of the Independent Directors. The Board has determined, taking into account the views of the NC, that Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong and Ms Elaine Beh Pur-Lin are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the judgement of each of the aforesaid directors. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code, that would otherwise deem him/her not to be independent.

As at the date of this report, none of the Independent Directors have served on the Board beyond nine (9) years since the date of his/her first appointment. Nonetheless, the independence of any Directors who has served on the Board beyond nine (9) years since the date of his/her first appointment will be subject to particularly rigorous review.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees can effectively serve the Group. The current Board size and composition provides sufficient diversity of skills, experience and knowledge of the Company without interfering with efficient decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board comprises directors who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Company. The Board also provides core competencies such as accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning experience, customer-based experience and knowledge and this enables Management to benefit from a diverse and objective external perspective on issues raised before the Board.

The Board, with the assistance of the NC, has established and adopted an assessment system and evaluation forms to assess annually the existing attributes and core competencies of the Board, and whether are they complementary to enhance the efficacy of the Board as a whole. The Directors also evaluate, at least once a year, the skill sets that the other Directors possess, with a view to understand the range of expertise that is lacking by the Board.

The NC will compile the feedbacks from the forms and discuss the results of these exercises and consider its recommendations to the Board to maintain or further enhance its balance and diversity.

The Independent Directors, who are non-executive directors, are kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. The Non-Executive Directors constructively challenge and help develop proposals on strategy, and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to the Management, and will be provided sufficient time and resources to discharge their oversight functions effectively. The Independent Directors can also request for further briefings or information on any aspect of the Group's business or operations from the Management.

The Independent Directors met and discussed with the external and internal auditors post-FY2019, in the absence of the Executive Directors and key management personnel. To facilitate a more effective check on Management, the Independent Directors may meet, where necessary, without the presence of the Executive Directors and the Management.

Chairman and Chief Executive Officer

Principle 3 : There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Non-Executive Chairman and Independent Director of the Board is Mr Ng Lip Chi, Lawrence and the CEO of the Company is Mr Sim Hock Heng.

The roles of the Non-Executive Chairman and CEO are separated to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Non-Executive Chairman is not related to the CEO.

The Non-Executive Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board meeting agenda in consultation with the CEO and the Company Secretary, and ensures sufficient allocation of time for thorough discussions. He ensures that the Directors receive complete adequate and timely information and encourages constructive communications between the Board and key management personnel to facilitate efficient decision making. The Non-Executive Chairman also promotes an open concept culture and debate among the Board members, ensuring effective communication with shareholders. He also facilitates the effective contribution of the non-executive directors in particular, as well as promoting high standards of corporate governance of the Group.

The CEO takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of the Executive Directors and key management personnel. He also oversees the execution of the Group's business and corporate strategy decisions made by the Board.

The Company is not required under Guideline 3.3 of the Code to appoint a Lead Independent Director as the Chairman and the CEO is not the same person.

Board Membership

Principle 4 : There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC consists of three (3) Independent Directors and one (1) Executive Director. Accordingly, majority of the NC, including the NC Chairman is independent. The NC meet at least once every year. The members of the NC as at the date of this report are:-

Elaine Beh Pur-Lin	(Chairman)
Ng Lip Chi, Lawrence	(Member)
Chan Hock Leong	(Member)
Sim Hock Heng	(Member)

The NC is guided by the key terms of reference as follows:

- To make recommendations to the Board on the appointment of directors, including making recommendations on the composition of the Board and assessing the balance between executive and non-executive Directors appointed to the Board;
- To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- To determine the process for search, nomination, selection and appointment of new board members (including alternate directors, if appropriate) and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- To be responsible for succession planning as and when the circumstance arises, in particular for the Chairman and the CEO;
- To determine, on an annual basis and when circumstances require, if a Director is independent. If the NC considers that a Director who has one or more of the relationships mentioned under the Code, the 2018 Code and the Catalist Rules, including a Director who has served on the Board beyond nine (9) years from the date of his/her first appointment, as independent, it shall provide its views to the Board for the Board's consideration. The NC may at its discretion consider that a Director is not independent even if he/she has no business or, other relationships with the Company, its related corporations, its substantial shareholders or its officers;
- To recommend Directors who are retiring by rotation to be put forward for re-election. All Directors are required to submit themselves for re-appointment and re-election at regular intervals and at least every three (3) years;
- To review annually whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations and other principal commitments;
- To recommend the process and criteria for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution and commitment of the Chairman and each individual Director to the effectiveness of the Board and assist to implement these assessments;
- To review induction and training needs of Directors including professional development programs;
- To be responsible for the progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour);

- To review and approve any new employment of persons related to the Directors and/or substantial shareholders and the proposed terms of their employment;
- To make recommendations to the Board concerning suitable candidates for the role of lead independent director (if required); and
- To ensure that, upon appointment to the Board, all newly-appointed directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside of board meetings.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as director.

The NC has reviewed the independence of each Independent Director and is of the view that Ms Elaine Beh Pur-Lin, Mr Ng Lip Chi, Lawrence and Mr Chan Hock Leong are independent as defined in the Code, the 2018 Code and the Catalist Rules and are able to exercise judgement on the corporate affairs of the Group independently of the Management.

The Board has not capped the maximum number of listed company board representations each Director may hold as the NC is of the view that the Directors are able to and have adequately carried out their duties as Directors of the Company.

The Board is of the view that at present, it would not be meaningful to define the maximum number of listed company directorships which any director may hold and would review the matter on a case-by-case basis, taking into account the ability and performance of each Director in his/her performance and discharge of duties and responsibilities.

The NC also believes that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. The NC, with the concurrence of the Board, is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors who have multiple board representations.

The Board provides for appointment of alternate director only in exceptional cases such as when a director has a medical emergency. The Board will take into consideration the same criteria for selection of directors such as his/her qualifications, competencies, and independence. Currently, the Company does not have alternate directors.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC seeks potential candidates widely and beyond directors / management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as director.

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the directors' integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 108 of the Company's Constitution, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation at each AGM.

In accordance with Regulation 109 of the Company's Constitution, the Directors to retire in every year shall be those subject to retirement by rotation based on who have been longest in office since their last re-election or appointment. For Directors who were appointed or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Regulation 110 of the Company's Constitution provides that a retiring Director shall be eligible for re-election.

Regulation 118 of the Company's Constitution further provides that, the Company may, by Ordinary Resolution, appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall only hold office until the next AGM of the Company and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The NC has recommended two (2) Directors, namely Mr Sim Hock Heng (CEO) and Mr Lee Tien Chiat (Executive Director) be nominated for re-election at the forthcoming AGM. In making the above recommendation, the NC has considered the Directors' overall contributions and performance, and the Board has accepted the NC's recommendation.

The key information of the Directors, including their profiles, academic and professional qualifications are set out under the section titled "Board of Directors" of this Annual Report.

The shareholdings of the individual Directors of the Company are set out on page 45 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

Details of the appointment of the Company's current directors including date of initial appointment, directorship in other listed companies, both current and for the preceding five (5) years and other principal commitments:-

Name of Director & Designation	Age	Date of Initial Appointment	Date of Last Re-Appointment	Present Directorship In Other Listed Companies	Past Directorships In Other Listed Companies In The Past Five (5) Years	Other Principal Commitments
Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director)	48	11 May 2017	28 July 2017	UG Healthcare Corporation Limited	Lifebrandz Ltd.	<u>Present:</u> 1. DC Frontiers Pte. Ltd. (Head of Strategy and Business Development) 2. NLC Advisory Pte. Ltd. (Executive Director) <u>Past:</u> NIL

Name of Director & Designation	Age	Date of Initial Appointment	Date of Last Re-Appointment	Present Directorship In Other Listed Companies	Past Directorships In Other Listed Companies In The Past Five (5) Years	Other Principal Commitments
Sim Hock Heng (Chief Executive Officer)	48	27 February 2017	28 July 2017	NIL	NIL	NIL
Kew Boon Kee (Executive Director)	49	27 February 2017	27 July 2018	NIL	NIL	NIL
Lee Tien Chiat (Executive Director)	47	27 February 2017	28 July 2017	NIL	NIL	NIL
Elaine Beh Pur-Lin (Independent Director)	52	11 May 2017	28 July 2017	Acromec Limited	NIL	<u>Present:</u> Virtus Law LLP (Partner) <u>Past:</u> NIL
Chan Hock Leong (Independent Director)	48	11 May 2017	28 July 2017	NIL	NIL	<u>Present:</u> 1. Mazars LLP (Senior Partner) 2. Harmony Partners Investment Limited (Alternate director) <u>Past:</u> City Harvest Church (Director)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Sim Hock Heng and Mr Lee Tien Chiat are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 26 July 2019 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors in accordance with Appendix 7F of the Catalist Rules is set out below and to be read in conjunction with their respective profiles under the section entitled "Board of Directors" of this Annual Report:

	MR SIM HOCK HENG	MR LEE TIEN CHIAT
Date of Appointment	27 February 2017	27 February 2017
Date of last re-appointment (if applicable)	28 July 2017	28 July 2017
Age	48	47
Country of principal residence	Singapore	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 NC and has reviewed and considered the past contribution and suitability of Mr Sim Hock Heng ("**Mr Sim**") for re-appointment as Chief Executive Officer of the Company. The Board has assessed and is of the view that Mr Sim possesses the experience, expertise, knowledge and skills to continue contributing towards the existing businesses of the Group.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the past contribution and suitability of Mr Lee Tien Chiat (**"Mr Lee**") for re-appointment as Executive Director of the Company. The Board has assessed and is of the view that Mr Lee possesses the experience, expertise, knowledge and skills to continue contributing towards the existing businesses of the Group.
Whether appointment is executive, and if so, the area of responsibility	Executive Director Responsible for the overall administration, operation and management of the Group.	Executive Director Responsible for procurement function, workshop and fabrication as well as design team of the Group.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer Member of NC	Executive Director
Professional qualifications	Bachelor of Science, Singapore Institute of Management	Bachelor of Science (Mechanical Engineering), National Taiwan University Master of Science (Environmental Engineering, Nanyang Technology University)

	MR SIM HOCK HENG	MR LEE TIEN CHIAT
Working experience and occupation(s) during the past 10 years	2006 – May 2017: Director at Sanli M&E Engineering Pte. Ltd. June 2017 - Present: Director at Sanli Environmental Limited	2007 – May 2017: Director at Sanli M&E Engineering Pte. Ltd. June 2017 - Present: Director at Sanli Environmental Limited
Shareholding interest in the listed issuer and its subsidiaries	The Company: Direct interest: 13,282,675 shares Deemed interest: 147,051,346 shares held by Typha Holdings Pte. Ltd. Subsidiaries of the Group: NIL	The Company: Direct interest: 13,282,675 shares Deemed interest: 147,051,346 shares held by Typha Holdings Pte. Ltd. Subsidiaries of the Group: 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)	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships (for the last 5 years)	None	None

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

		MR SIM HOCK HENG	MR LEE TIEN CHIAT
(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	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

		MR SIM HOCK HENG	MR LEE TIEN CHIAT
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(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	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(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; or	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

	MR SIM HOCK HENG	MR LEE TIEN CHIAT
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the SGX-ST?	Not applicable as this disclosure relates to the re-appointment of Director.	Not applicable as this disclosure relates to the re-appointment of Director.
If yes, please provide details of prior experience.	Not applicable	Not applicable
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 SGX-ST.	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable).	Not applicable	Not applicable

Board Performance

Principle 5 : There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has established processes to be carried out by the NC, for monitoring and evaluating the performance of the Board as a whole and Board Committees, and the effectiveness and contribution of each individual Director annually. The Board has not engaged any external facilitator in conducting the assessment of the Board's and Board Committees' performance and the performance of individual Directors. Where relevant, the NC will consider such engagement.

For the evaluation process, the Directors will complete a board evaluation questionnaire which seeks to assess the effectiveness of the Board and the Board Committees, covering areas including, amongst others, the size and composition of the Board, the Board's access to information, Board processes and accountability annually. The results are then collated by the Company Secretary who will submit to the NC Chairman in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees, following which the NC will recommend to the Board key areas for improvement and follow-up actions.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork and overall effectiveness. The performance of each Director will be taken into account in his/her re-election or re-appointment.

The NC, having reviewed the overall performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory for the period under review.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as director.

Access To Information

Principle 6 : In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors have unrestricted access to the Company's records and information. From time to time, they are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of the Group's key management personnel.

As a general rule, Board papers prepared for each meeting are normally circulated at least 3 working days in advance of each meeting. This is to give Directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers provide sufficient background and explanatory information from the Management on financial impact, business strategies, risk analysis, regulatory implications and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board and Board Committees meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the Directors or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects.

The Company Secretary prepares the meeting agendas, attends and prepares minutes of all Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed and that the Company's Constitution and relevant rules and regulations are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and Board Committees and between the Management and the Independent Directors.

The Directors have separate and independent access to the Company Secretary and the Management at all times. Any additional materials or information requested by the Directors to make balanced and informed decisions is promptly furnished. The appointment and the removal of the Company Secretary should be a matter for the Board as a whole.

The Directors, either individually or as a group, may seek independent professional advice and services on any areas they deem necessary, at the expense of the Company.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7 : There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC consists of three (3) Independent Directors. All members of the RC, including the RC Chairman, are independent and non-executive directors. The RC meet at least once every year. The RC comprises the following members:-

Ng Lip Chi, Lawrence	(Chairman)
Chan Hock Leong	(Member)
Elaine Beh Pur-Lin	(Member)

The RC is guided by the key terms of reference as follows:-

- To review and recommend to the Board a general framework of remuneration for the Board and key management personnel, review and make remuneration recommendations, in consultation with the Chairman of the Board the specific remuneration packages for each Director, key management personnel and employees who are immediate family members of a director or CEO;
- To review the design of any long-term incentive schemes for approval by the Board and shareholders and to determine whether the Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;
- To review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance;
- To review and determine the link between remuneration paid to the Executive Directors and key management personnel with performance taking into account long-term and short-term incentive schemes;
- To review the ongoing appropriateness and relevance of the remuneration policy in place for each director, key management personnel and employees who are immediate family members of a director or CEO;
- As part of its review, the RC shall ensure that:-
  (i) all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind should be considered;
  (ii) 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. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. The RC should consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders;
  (iii) the remuneration package of employees who are immediate family members of a director or the CEO, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;
  (iv) the existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
  (v) the costs and benefits of all long-term incentive schemes should be carefully evaluated.

Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her own remuneration package.

The RC reviews and recommends to the Board on the specific remuneration packages for the Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind, will be covered by the RC.

Where applicable, the RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he/she will abstain from participating in the review and voting on any resolution in relation to the remuneration package of that employee related to them.

If necessary, the RC will seek expert advice inside and/or outside the Company on the remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. During the financial year, the RC did not require the service of an external remuneration consultant.

The RC reviews the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group.

Level and Mix of Remuneration

Principle 8 : *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

Annual review of the remuneration packages are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel are commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The remuneration of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board.

The remuneration of the Executive Directors and the key management personnel consists of fixed salary and allowances. The Executive Directors do not receive directors' fees. There is variable compensation which is determined based on the level of achievement of corporate and individual performance objectives. Such performance-related remuneration is structured to align with the interests of shareholders and promote the long-term success of the Company.

Each of the Executive Directors has entered into a service agreement with the Company and the terms of these service agreements are reviewed by the RC annually. Each of the Service Agreements is valid for an initial period of three (3) years with effect from the date of admission of the Company to Catalist. Upon the expiry of the initial period of three (3) years, the employment of each Executive Director shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree in writing. During the initial period of three (3) years, either party may terminate the Service Agreement at any time by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on the Executive Directors' last drawn monthly salary.

Each of the Executive Director shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of his service agreement.

The Company has yet to implement a long-term incentive scheme.

The Independent Directors do not have service contracts with the Company and are paid directors' fees which are recommended by the Board and the RC, based on factors such as their level of contributions, effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

Having reviewed and considered the variable components of the remuneration of the Executive Directors and the key management personnel, the RC is of the view that there is currently no requirements to implement contractual provisions to allow the Company to reclaim incentive components of their remuneration packages.

In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9 : *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.*

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business objective and create sustainable value for its stakeholders. The remuneration policy articulates to the Executive Directors and key management personnel the link on total compensation to the achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. As such, the disclosure of the remuneration of each individual Director and key management personnel is kept in incremental salary bands of S$250,000.

The breakdown for the remuneration of the Directors in FY2019 is as follows:-

Name of Director	Salary (%)	Bonus (%)	Benefits in Kind (%)	Directors' Fees[1] (%)	Total (%)
Between S$250,001 and S$500,000					
Sim Hock Heng	65	28	7	–	100
Kew Boon Kee	65	28	7	–	100
Lee Tien Chiat	65	28	7	–	100
Pek Kian Boon[2]	65	28	7	–	100
Below S$250,000					
Ng Lip Chi, Lawrence	–	–	–	100	100
Elaine Beh Pur-Lin	–	–	–	100	100
Chan Hock Leong	–	–	–	100	100

Notes:

1 The directors' fees are subject to approval by shareholders at the forthcoming AGM.

2 Mr Pek Kian Boon resigned as an Executive Director of the Company on 31 January 2019. His actual remuneration for the period that he served as Executive Director in FY2019 is S$368,882.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2019 is as follows:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Benefits in Kind (%)	Allowance (%)	Total (%)
Between S$250,001 and S$500,000					
Toh Chiew Khim, CFO	66	11	18	5	100
Below S$250,000					
Chua Chwee Tian Andrew, General Manager (Tender & Business Development)	69	11	16	4	100
Shoo Sook Fun, General Manager (Corporate Services)[1]	82	-	9	9	100

Note:

1 Mdm Shoo Sook Fun resigned as General Manager (Corporate Services) of the Company on 31 July 2018. She is the wife of Mr Pek Kian Boon, who resigned as Executive Director of the Company on 31 January 2019. Her actual remuneration for the period that she served as General Manager (Corporate Services) in FY2019 is S$43,676.

The total remuneration paid to the three (3) key management personnel in FY2019 was S$483,286.

Other than Mdm Shoo Sook Fun, there was no employee of the Group whose remuneration exceeds S$50,000 and who is an immediate family member of any Directors or the CEO during FY2019.

There were no termination, retirement and post-employment benefits that were granted to Directors and key management personnel as of the date of this report.

Currently, the Company has not implemented any share-based compensation scheme or any long-term scheme involving the offer of shares or option in place.

To recognise and reward employees their past contributions and services to the Company, and to align their interest with the Group to encourage greater dedication and loyalty to the Group, 83 employees received Employee Shares from Typha Holdings Pte. Ltd. at pre-IPO stage. Details of the Employee Shares are set out in the Company's Offer Document.

The remuneration received by the Executive Directors and key management personnel takes into consideration the Group's performance and his/her individual performance and contribution towards the overall performance of the Group. Their remuneration is made up of fixed and/or variable compensations. The fixed compensation consists of an annual base salary and allowances. The variable compensation is based on the level of achievement of corporate and individual performance objectives.

The terms of their service agreements and remuneration packages are subject to review by the RC. There are no excessive or onerous clauses in these service agreements.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 : The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board believes that it should conduct itself in a way that delivers maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfilment of statutory requirement are ways to maintain shareholders' confidence and trust in the Board's capability and integrity.

The Board, with the assistance of the professional advisors, ensures compliance with the disclosure requirements under the Catalist Rules. In this regard, the Company demonstrates its accountability to its shareholders by announcing its financial results on a half yearly basis and other information via SGXNET in accordance with the requirements of the SGX-ST, so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcement in accordance with Rule 705(5) of the Catalist Rules. For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls (including financial, operational, compliance and information technology controls) systems in place.

In addition, the Company had, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers comply with the best of their abilities with the provisions of the Catalist Rules and will also procure the Company to do so.

The Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospect.

Risk Management and Internal Controls

Principle 11 : The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges its responsibilities for the governance of risks and the overall internal control framework, but recognises that no cost effective internal 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 objective, and can provide only reasonable and not absolute assurance against material misstatements or loss.

Risk assessment and evaluation has become an essential part of the business planning and monitoring process. Having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the Group.

The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's operating and business activities to identify areas of significant business risk as well as appropriate measure to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings and matters to the Board and the AC for further discussion. The Board is ultimately responsible for the Group's risk management and internal control systems.

On an annual basis, the internal audit function of the Group prepares the internal audit plan taking into consideration the risks identified which is approved by the AC.

The Board, with the assistance of independent internal and external auditors, has reviewed the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place to address key financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the Board and AC. A copy of the report is also issued to the relevant departments for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to meet the needs of the Group in their current business environment as of the date of this report.

The bases for the Board's view are as follows:

- Assurance had been received from the CEO and CFO;
- Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the key management personnel and the Board. The Group has outsourced its internal audit function to BDO LLP which reported on the audit findings and recommendations directly to the AC; and
- Discussion was held between the AC and external auditor in the absence of the Management to review and address any potential concerns.

The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

The Board has obtained assurance from the CEO and CFO in respect of FY2019 that:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, are adequate and effective as at the date of this report.

In addition, BDO LLP, the Group's outsourced internal auditor ("**IA**"), has briefed the Board on the internal controls matters and highlighted the issues identified and the Management's responses. Also, BDO LLP had joined the AC meeting without the presence of Management, to brief the AC on the internal controls matters and highlighted the issues identified and management responses.

The Company has developed an Enterprise Risk Management ("**ERM**") Framework to facilitate the Board in identifying and assessing key operational, financial, compliance and information technology risks with reference to the business goals, strategies and critical success factors of the Group. Under the ERM Framework, Management and executives of all levels are expected to constantly review the business operations and the operating environment to identify risk areas and ensure mitigating measures are promptly developed to minimise these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, monitoring, managing and reporting risks faced by the Group. Thus, it allows the Group to address the changes and the challenges in the business environment, reduce uncertainties and facilitates the shareholder value creation process on an ongoing basis.

Audit Committee

Principle 12 : The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC consists of three (3) Independent Directors. All members of the AC, including the AC Chairman, are independent and non-executive directors. The AC meet at least twice a year. The AC comprises the following members:-

Chan Hock Leong	(Chairman)
Ng Lip Chi, Lawrence	(Member)
Elaine Beh Pur-Lin	(Member)

The AC is guided by the following key terms of reference:

- Review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response and results of our audits compiled by our internal and external auditors;
- Review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and other statutory/regulatory requirements;
- To discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary;
- To meet with the external auditors and with the internal auditors, in each case without the presence of Management, at least annually, to discuss any problems and concerns they may have;
- To review annually the scope and results of the external audit and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity;
- To review the assistance and co-operation rendered by Management to the internal and external auditors;
- To review and report to the Board, at least annually, the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
- To review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, 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;
- To review policy and arrangements by which staff of the Company or of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters relating to fraud and illegal acts and, to conduct an independent investigation of such matters for appropriate follow up action to be taken. The existence of a whistle blowing policy should be disclosed in the Company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate;
- To investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and obtain reasonable resources to enable it to discharge its functions properly;

- To report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- To review interested person transactions falling within the scope of the Catalist Rules;
- To undertake such other reviews and projects as may be requested by the Board;
- To undertake such other functions and duties as may be required by statutes or the Catalist Rules, and by such amendments made thereto from time to time;
- To recommend to the Board on the proposals to the shareholders on the appointment/re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or accounting / auditing firm or corporation if the internal audit function is outsourced. The internal auditor should have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC;
- To receive at least on a half-yearly basis, management accounts of the Group from the Management detailing such information as breakdown of major expenses, revenue earned, aging of receivables, loss allowances, order book, major contracts entered into, all litigations and other matters;
- To review annually the adequacy and effectiveness of the Company's internal audit function; and
- To assess annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process and monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of the audit partner.

The Board considers that Mr Chan Hock Leong, who has extensive and practical accounting and auditing knowledge and experience, to be well-qualified to be the AC Chairman. The members of the AC, collectively, have relevant expertise or experience in accounting and related financial management and are appropriately qualified to discharge the AC's responsibilities.

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

The AC met twice with the external auditors and once with the internal auditors respectively, without the presence of the Management in FY2019, to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems.

Deloitte & Touche LLP is the Company's current external auditors. The AC will review the independence of the external auditors annually. The AC has also reviewed the audit fees paid to the external auditors for FY2019. During the year under review, the fees paid to the external auditors of the Company for audit services amounted to S$65,000. There was no non-audit services provided by the external auditors of the Company.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board the nomination of Messrs Deloitte & Touche LLP, for re-appointment as external auditors of the Company at the forthcoming AGM. The external auditors, Deloitte & Touche LLP, have indicated their willingness to accept the re-appointment.

Both the AC and the Board have reviewed the appointment of different auditors for its foreign-incorporated subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

The Company confirms that it is in compliance with the Rules 712 and 715 of the Catalist Rules in relation to its appointment of the audit firm of the Group. No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

There is a Whistle-Blowing Policy for the Group in place, reviewed and endorsed by the AC, where employees of the Group can raise concerns about improprieties. The Whistle-Blowing Policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the AC Chairman or CFO. The objective for such arrangement is to ensure independent investigation of such matters raised and for appropriate follow-up action to be taken. Details of the whistle-blowing policies and arrangements have been made available to all employees and provides assurance that employees will be protected from reprisal within the limits of the law. The Whistle-Blowing Policy will also be made available on the Company's website in due course.

The AC is kept abreast by the Management and the external auditors of any changes to accountings standards, Catalist Rules, and other regulations which could have an impact on the Group's business and financial statements.

FINANCIAL REPORTING AND KEY AUDIT MATTER

During the year, the AC had full access to and cooperation from the Management, internal auditor and external auditor. The AC also had full access to the internal and external auditors.

The AC reviewed the financial statements of the Group and the Company before submitting them to the Board for its approval and the announcement of the financial results. The AC also reviewed and monitored the Group's and the Company's financial condition, internal and external audits, and the effectiveness of the Group's and the Company's system of accounting and internal controls. The following key audit matter was discussed between the external auditors and Management, and reviewed by the AC.

Key audit matter	How the matter was addressed by the AC
<u>Revenue recognition of engineering, procurement and construction ("**EPC**") contracts</u> The Group is involved in EPC contracts with customers for which it applies cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs ("input method") to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. Significant judgement is required from management and project teams to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year. The accounting policy for revenue recognition for contract work-in-progress is disclosed in Note 2 of the Financial Statements and the amount of revenue recognised based on POC is disclosed in Note 20 of the Financial Statements.	The AC have considered the approach and methodology applied by the Management for revenue recognition of EPC contracts. The AC have also discussed the above with the external auditors and understand that the estimates used by the Management is reasonable for the purpose of revenue recognition using input method. The auditors have included revenue recognition as a key audit matter in the independent auditor's report for FY2019. This is set out on page 49 of this Annual Report.

Internal Audit

Principle 13 : The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit functions to BDO LLP. The IA has unrestricted direct access to all of the Group's documents, records, properties and personnel and reports to the designated members of the AC on the findings and Management's responses on the findings. The AC approves the appointment, removal, evaluation and compensation of the IA. The IA plans its internal audit work and schedules in consultation with, but independent of, the Management. The internal audit plan will be submitted to the AC for approval prior to the commencement of the internal audit work.

The objective of the internal audit function is to provide an independent review of the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

The AC is satisfied that IA is adequately qualified (given, *inter alia*, its adherence to standards set by nationally or internationally recognised professional bodies) and resourced, to discharge its duties effectively. The AC will also review the adequacy and effectiveness of the internal audit function on an annual basis.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 : Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Company's business which could have a material impact on the Company's share price.

Notice of general meetings are issued to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the scheduled date of such meeting. Whilst there is no limit imposed on the number of proxy votes for nominee companies/relevant intermediaries, the Company's Constitution allows each shareholder to appoint up to two (2) proxies to attend general meetings.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The Company conducts poll voting for all resolutions tabled at general meetings. Shareholders will be briefed on the rules, including voting procedures that govern such meeting. The Company will address any queries that the shareholders may have on the procedures.

Communication with Shareholders

Principle 15 : Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner.

The Company does not practice selective disclosure and price-sensitive information is publicly released on an immediate basis where required under the Catalist Rules before the Company meets with any investors/analysts. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNET.

All material information on the performance and development of the Group is disclosed in an accurate, timely and comprehensive manner through SGXNET.

When necessary and appropriate, the CEO will meet analysts and fund managers who would like to seek a better understanding of the Group's operations. The CEO also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views.

The Company has engaged an investor relations firm, namely Waterbrooks Consultants Pte Ltd, to assist the Company on its investor relations activities.

The Company keeps its website (www.sanli.com.sg) updated and maintains a dedicated investor relations section for shareholders' convenience to access information on the Group. Announcements disclosed through SGXNET are also posted on the Company's website.

When opportunities arise, the CEO conducts media interviews to give its shareholders and the investors' public a profound prospective of the Group's business prospects.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular financial year or period will be subject to, *inter alia*, the Group's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition, and any restrictions on payment of dividends imposed by the Group's financing arrangements.

Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on the SGXNET when the Company discloses its financial results announcement.

For FY2019, the Board has proposed a final one-tier tax exempt dividend of 0.25 Singapore cent per ordinary share, which would constitute 30.3% of net profit after tax attributable to owners of the Company. The proposed dividend is subjected to shareholders' approval at the forthcoming AGM.

Conduct Of Shareholder Meetings

Principle 16 : Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company's general meetings are the principal forums for dialogue with shareholders. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay apprised of the Company's strategy and goals. At general meetings, shareholders are given the opportunity to communicate their views and direct questions to the Directors or the Management relating to the resolutions to be passed as well as questions regarding the Company and its operations.

Notice of the general meetings will be advertised in newspapers and announced on the SGXNET. If shareholders are unable to attend the general meetings, the Company's Constitution allows all shareholders to appoint up to two (2) proxies to the general meetings and to vote on their behalf through proxy form sent in advance. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised. This is also subject to legislative amendment to recognise electronic voting.

All Directors (including the respective chairman of the Board Committees) will be present at all general meetings of shareholders, unless of exigencies. The external auditor is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

Every matter requiring shareholders' approval is proposed as a separate resolution. In compliance with Rule 730A(2) of the Catalist Rules, all resolutions tabled at general meetings of shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders. Detailed results of all resolutions put to vote will be announced on the SGXNET after conclusion of the general meeting.

The Company also maintains minutes of the general meetings, which includes the key comments and queries raised by shareholders and the responses from the Board and the Management. All minutes of general meetings will made available to shareholders upon their request after the general meetings.

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules)

Save for the Service Agreements entered into with the Executive Directors, which are subsisting as at the end of FY2019, there were no material contracts involving the interests of the CEO, each Director or controlling shareholders entered into by the Group which are subsisting as at the end of the financial year or entered into during the financial year.

INTERESTED PERSON TRANSACTION ("IPT")

(Rule 907 of the Catalist Rules)

The Group has established procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

If the Company does enter into an IPT, and a potential conflict of interest arises, the director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

The Group does not have a shareholders' mandate for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPT of S$100,000 or more for the year under review.

DEALING IN SECURITIES

(Rule 1204(19) of the Catalist Rules)

The Company has complied with the best practices pursuant to Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by its Directors and employees. The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one (1) month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rules)

SAC Capital Private Limited is the Continuing Sponsor of the Company. There was no non-sponsor fee paid to the Sponsor during FY2019.

USE OF IPO PROCEEDS

(Rule 1204(22) of the Catalist Rules)

Utilisation of proceeds as at the date of this Annual Report is as follow:-

Use of proceeds	Amount Allocated (S$ million)	Amount Utilised (S$ million)	Balance Amount (S$ million)
Working capital to expand business operations through securing more projects and projects of a larger scale	5.74	–	5.74
Expansion of business premises	2.92	2.92	–
Investment in business development department	1.06	0.81	0.25
Total	**9.72**	**3.73**	**5.99**

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 52 to 102 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 March 31, 2019, and the consolidated financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Sim Hock Heng
Kew Boon Kee
Lee Tien Chiat
Ng Lip Chi, Lawrence
Chan Hock Leong
Elaine Beh Pur–Lin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of the director		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
(Ordinary shares)				
Sim Hock Heng	13,282,675	13,282,675	146,668,846	147,033,846
Kew Boon Kee	13,282,675	13,282,675	146,668,846	147,033,846
Lee Tien Chiat	13,282,675	13,282,675	146,668,846	147,033,846
Chan Hock Leong	100,000	100,000	–	–

The directors' interests in the shares of the Company at April 21, 2019 were the same at March 31, 2019.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all independent and non–executive directors, is chaired by Mr Chan Hock Leong, an independent director, and includes Mr Ng Lip Chi, Lawrence and Ms Elaine Beh Pur–Lin. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The audit plans of the external auditors;

(d) The consolidated financial statements of the Group and the financial statements of the Company before their submission to the directors of the Company and external auditor's report on those financial statements;

(e) The half–yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(f) The co–operation and assistance given by the management to the Group's external auditors; and

(g) The re–appointment of the external and internal auditors of the Group.

The Audit Committee has full access to and has the co–operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re–appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re–appointment.

ON BEHALF OF THE DIRECTORS

Sim Hock Heng

Lee Tien Chiat

June 28, 2019

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Sanli Environmental 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 March 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 102.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)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 March 31, 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company 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 *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was 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 the matter.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Revenue recognition of engineering, procurement and construction ("EPC") contracts	
The Group is involved in EPC contracts with customers for which it applies cost–to–cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs ("input method") to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. Significant judgement is required from management and project teams to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year. The accounting policy for revenue recognition of EPC contracts is disclosed in Note 2 and the amount of revenue recognised based on input method is disclosed in Note 20.	The following procedures were performed: • Obtained an understanding and evaluated the design and implementation of relevant controls to address significant risks associated with revenue recognition and cost recognition and estimation; • Performed substantive tests of details on a sampling basis for the costs incurred during the reporting period and checked that costs incurred were recorded in the correct accounting period; • Obtained the estimated total costs on completion and assessed the reasonableness of the estimates used by management, including on a sampling basis, agreed the estimates to the supporting documents and performed retrospective review on completed projects; • Discussed with management on any potential project delays or cost overruns which cannot be recovered from customers; • Agreed the contract sum or any variation orders to the signed agreements; and • Re–computed the percentage of progress of the contracts based on input method to test the accuracy of the percentage of progress and checked that the revenue was recognised based on the percentage of progress.

Information Other than the Financial Statements and Auditor's Report Thereon

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.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)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:

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

e) 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.

f) 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 year 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 the 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 Michael Ng Wee Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

June 28, 2019

STATEMENTS OF FINANCIAL POSITION

As at March 31, 2019

		Group			Company		
	Note	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $
ASSETS							
Current assets							
Cash and cash equivalents	7	8,829	9,354	11,484	31	1,051	4
Trade and other receivables	8	16,282	15,185	6,621	312	13,501	–
Contract assets	9	15,435	13,978	5,856	–	–	–
Financial assets at fair value through profit or loss	10	267	–	–	–	–	–
Available–for–sale investments	10	–	–	257	–	–	–
Total current assets		40,813	38,517	24,218	343	14,552	4
Non–current assets							
Property, plant and equipment	11	11,157	10,500	5,648	–	–	–
Investment in subsidiaries	12	–	–	–	21,755	8,255	–
Available–for–sale investments	10	–	267	267	–	–	–
Total non–current assets		11,157	10,767	5,915	21,755	8,255	–
Total assets		51,970	49,284	30,133	22,098	22,807	4
LIABILITIES AND EQUITY							
Current liabilities							
Borrowings	13	271	271	854	–	–	–
Convertible loan	14	–	–	2,000	–	–	–
Trade and other payables	15	21,622	19,820	12,556	165	227	–
Contract liabilities	9	260	450	760	–	–	–
Finance leases	16	68	87	87	–	–	–
Income tax payable		504	960	2,216	17	–	–
Total current liabilities		22,725	21,588	18,473	182	227	–
Non–current liabilities							
Borrowings	13	2,340	2,611	2,882	–	–	–
Finance leases	16	76	180	268	–	–	–
Deferred tax liabilities	17	176	–	–	–	–	–
Total non–current liabilities		2,592	2,791	3,150	–	–	–
Capital, reserves and non–controlling interests							
Share capital	18	21,297	21,297	1,500	21,297	21,297	4
Translation reserves		(31)	(22)	(35)	–	–	–
Merger reserve	19	(6,755)	(6,755)	–	–	–	–
Capital reserve	19	482	232	–	–	–	–
Retained earnings		11,662	10,114	7,045	619	1,283	–
Equity attributable to owners of the Company		26,655	24,866	8,510	21,916	22,580	4
Non–controlling interests		(2)	39	–	–	–	–
Total equity		26,653	24,905	8,510	21,916	22,580	4
Total liabilities and equity		51,970	49,284	30,133	22,098	22,807	4

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended March 31, 2019

		Group	
		2019	2018
	Note	$'000	$'000
Revenue	20	71,350	75,609
Cost of contract works		(61,589)	(64,738)
Gross profit		9,761	10,871
Other income	21	375	321
Administrative expenses		(6,131)	(5,246)
Other operating expenses		(1,081)	(1,867)
Finance costs	22	(97)	(239)
Profit before tax		2,827	3,840
Income tax	23	(645)	(785)
Profit for the year	24	2,182	3,055
Other comprehensive (loss) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(12)	13
Total comprehensive income for the year		2,170	3,068
Profit for the year attributable to:			
Owners of the Company		2,220	3,069
Non–controlling interests		(38)	(14)
		2,182	3,055
Total comprehensive income for the year attributable to:			
Owners of the Company		2,211	3,082
Non–controlling interests		(41)	(14)
		2,170	3,068
Earnings per share ("EPS"):			
Basic and diluted (cents)	25	0.83	1.19

See accompanying notes to financial statements.

	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Translation reserves $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non–controlling interests $'000	Total $'000
Group								
Balance as at April 1, 2017	1,500	–	–	(35)	7,045	8,510	–	8,510
Total comprehensive income for the year								
Profit for the year	–	–	–	–	3,069	3,069	(14)	3,055
Other comprehensive income for the year	–	–	–	13	–	13	–	13
Total	–	–	–	13	3,069	3,082	(14)	3,068
Transactions with owners, recognised directly in equity								
Issuance of new shares pursuant to the Restructuring Exercise (Note 1)	8,255	–	–	–	–	8,255	–	8,255
Movement in reserve pursuant to the Restructuring Exercise (Note 1)	(1,500)	(6,755)	–	–	–	(8,255)	–	(8,255)
Issuance of new shares pursuant to the conversion of convertible loan (Note 14)	2,000	–	–	–	–	2,000	–	2,000
Issuance of new shares pursuant to the IPO (Note 18)	11,700	–	–	–	–	11,700	–	11,700
IPO expenses (Note 18)	(658)	–	–	–	–	(658)	–	(658)
Non–controlling interest arising from incorporation of a subsidiary	–	–	–	–	–	–	53	53
Recognition of share–based payments (Note 1)	–	–	232	–	–	232	–	232
Total	19,797	(6,755)	232	–	–	13,274	53	13,327
Balance as at March 31, 2018	21,297	(6,755)	232	(22)	10,114	24,866	39	24,905

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2019

	Share capital $'000	Merger reserve $'000	Capital reserve $'000	Translation reserves $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non–controlling interests $'000	Total $'000
Balance as at April 1, 2018	21,297	(6,755)	232	(22)	10,114	24,866	39	24,905
Total comprehensive income for the year								
Profit for the year	–	–	–	–	2,220	2,220	(38)	2,182
Other comprehensive loss for the year	–	–	–	(9)	–	(9)	(3)	(12)
Total	–	–	–	(9)	2,220	2,211	(41)	2,170
Transactions with owners, recognised directly in equity								
Recognition of share–based payments (Note 1)	–	–	250	–	–	250	–	250
Dividends (Note 26)	–	–	–	–	(672)	(672)	–	(672)
Total	–	–	250	–	(672)	(422)	–	(422)
Balance as at March 31, 2019	21,297	(6,755)	482	(31)	11,662	26,655	(2)	26,653

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2019

	Share capital $'000	Retained earnings $'000	Total $'000
Company			
Balance as at April 1, 2017	–*	–	–*
Total comprehensive income for the year			
Profit for the year	–	1,283	1,283
Transactions with owners, recognised directly in equity			
Issuance of new shares pursuant to the Restructuring Exercise (Note 1)	8,255	–	8,255
Issuance of new shares pursuant to the conversion of convertible loan (Note 14)	2,000	–	2,000
Issuance of new shares pursuant to the IPO (Note 18)	11,700	–	11,700
IPO expenses (Note 18)	(658)	–	(658)
Total	21,297	–	21,297
Balance as at March 31, 2018	21,297	1,283	22,580
Total comprehensive income for the year			
Profit for the year	–	8	8
Transactions with owners, recognised directly in equity			
Dividends (Note 26)	–	(672)	(672)
Balance as at March 31, 2019	21,297	619	21,916

* This represents amount less than $1,000.

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2019

	Group	
	2019 $'000	2018 $'000
Operating activities		
Profit before tax	2,827	3,840
Adjustments for:		
Depreciation of property, plant and equipment	1,077	576
Loss (Gain) on disposal of property, plant and equipment	42	(7)
Loss on disposal of available–for–sale investments	–	7
Share–based payments expenses	250	232
Finance costs	97	239
Interest income	(70)	(93)
Exchange differences	(10)	13
Operating cash flows before movements in working capital	4,213	4,807
Trade and other receivables	(596)	(8,520)
Trade and other payables	1,802	7,264
Contract assets	(1,958)	(8,166)
Contract liabilities	(190)	(310)
Cash generated from (used in) operations	3,271	(4,925)
Income tax paid	(925)	(2,041)
Net cash from (used in) operating activities	2,346	(6,966)
Investing activities		
Purchase of property, plant and equipment	(1,888)	(5,434)
Proceeds from disposal of property, plant and equipment	110	13
Proceeds from disposal of available–for–sale investments	–	250
Interest received	70	93
Net cash used in investing activities	(1,708)	(5,078)
Financing activities		
Dividends paid	(672)	–
Proceeds on issuance of new shares pursuant to IPO, net of IPO expenses capitalised	–	11,042
Repayment of borrowings	(271)	(854)
Repayment of finance leases obligations	(123)	(88)
Proceeds from non–controlling interests	–	53
Interest paid	(97)	(239)
Net cash (used in) from financing activities	(1,163)	9,914
Net decrease in cash and cash equivalents	(525)	(2,130)
Cash and cash equivalents at beginning of financial year	9,354	11,484
Cash and cash equivalents at end of financial year	8,829	9,354

See accompanying notes to financial statements

1 GENERAL

The Company (Registration No. 201705316M) is incorporated in Singapore with its principal place of business and registered office at 28 Kian Teck Drive, Singapore 628845. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX–ST") on June 8, 2017. The financial statements are expressed in Singapore dollars which is also the functional currency of the Company.

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed below.

Pursuant to the group restructuring exercise ("Restructuring Exercise") to rationalise the structures of the Company and its subsidiaries (the "Group") in preparation for the listing of the Company on the Catalist Board of SGX–ST, the Company underwent the following:

(a) Incorporation of the Company

On February 27, 2017, the Company was incorporated in Singapore as an investment holding company with an issued and paid–up share capital of $4 comprising 4 shares.

(b) Acquisition of Sanli M&E Engineering Pte. Ltd. ("Sanli Engineering")

Prior to the share swap described below, Sanli Engineering had an issued and paid–up share capital of $1,500,000 comprising 1,500,000 shares.

Pursuant to the restructuring agreement dated May 9, 2017 ("Restructuring Agreement") entered into between the Company and the shareholders of Sanli Engineering:

(i) the Company acquired 1,500,000 shares, representing the entire issued and paid–up share capital of Sanli Engineering from its shareholders for a consideration of $8,255,348, which was based on the audited net asset value of Sanli Engineering as at December 31, 2016; and

(ii) the consideration was satisfied in the following manner:

(A) the Company issued 6,086,752 new shares, credited as fully paid at $1 per share, to Typha Holdings Pte. Ltd. ("Typha Holdings"), on the direction of its shareholders; and

(B) the Company issued 542,149 new shares, credited as fully paid at $1 per share, to each of the shareholders of Sanli Engineering.

Upon the completion of the acquisition of Sanli Engineering, the Company had an issued and paid–up share capital of $8,255,352, comprising 8,255,352 shares.

1 GENERAL (CONT'D)

(c) Sub–division of shares

On May 9, 2017, the shareholders of the Company approved the sub–division of every 8,255,352 shares in the issued and paid–up share capital of the Company into 202,256,124 shares. Following this sub–division, the issued and paid–up share capital of the Company was $8,255,352 comprising 202,256,124 shares.

(d) Transfers of employee shares

On May 11, 2017, Typha Holdings transferred an aggregate of 2,656,578 employee shares to 83 employees who accepted the offer of the shares to them. The shares were offered to the employees to recognise and reward them for their past contributions and services and to align their interests with the Group to encourage greater dedication and loyalty to the Group.

Each employee paid a nominal consideration of $1 for his employee shares transferred to him which are subject to a moratorium. In the event that an employee ceases to be employed by the Group, the employee will have to transfer such number of employee shares at an aggregate nominal consideration of $1 back to Typha Holdings as follows:

(i) if the employment is terminated within one year from the date of listing of the Company on Catalist, all the employee shares held by the employee; and

(ii) if the employment is terminated within the second year from the date of listing of the Company on Catalist, 50% of the employee shares held by the employee.

Such employee shares transferred back to Typha Holdings would be subject to the applicable moratorium undertaking by Typha Holdings.

(e) Pre–listing Investor

Pursuant to the Investment Agreement dated February 3, 2017 entered into between Sanli Engineering and the Pre–listing Investor, the Pre–listing Investor granted the convertible loan to Sanli Engineering. The proceeds from the convertible loan would be used for the expansion of the Group's business and for working capital purposes. On May 25, 2017, the convertible loan was repaid by Sanli Engineering through the issuance of 14,401,689 new shares by the Company, on the direction of Sanli Engineering, to the Pre–listing Investor, together with interest at 6% per annum paid in cash by Sanli Engineering to the Pre–listing Investor.

The Pre–listing Investor was not related to the Company.

1 GENERAL (CONT'D)

Basis of preparation of the financial statements for financial years ended March 31, 2018 and April 1, 2017

The Group resulting from the above Restructuring Exercise on May 9, 2017 is regarded as a continuing entity for the years ended March 31, 2018 and 2017 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company is only incorporated on February 27, 2017, the consolidated financial statements of the Group have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the consolidating entities under the common control to the Company has been effected for the years ended March 31, 2018 and 2017.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Effective equity interest of the Company		
			March 31, 2019 %	March 31, 2018 %	April 1, 2017 %
Sanli M&E Engineering Pte. Ltd. [(a)]	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100	100
Sanli M&E Engineering Sdn. Bhd. [(b)]	Project management, contracting and M&E engineering services in the water treatment industry.	Malaysia	100	100	100
Sanli E&C Pte. Ltd. [(a)]	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100	–
Sanli Environmental (Myanmar) Co. Ltd. [(b)]	Engineering, procurement and construction solutions and services in the field of water and waste management.	Myanmar	60	60	–

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by firm other than Deloitte & Touche LLP, Singapore.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended March 31, 2019 were authorised for issue by the Board of Directors on June 28, 2019.

For all periods up to and including the year ended March 31, 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended March 31, 2019 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first–time adoption of SFRS(I) are included in Note 30.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share–based payment transactions that are within the scope of SFRS(I) 2 *Share–based Payment*, leasing transactions that are within the scope of SFRS(I) 1–17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1–2 *Inventories* or value in use in SFRS(I) 1–36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- Has power over the investee;

- Is exposed, or has rights, to variable returns from its involvement with the investee; and

- Has the ability to use its power to affect its returns.

The Company 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Company 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 Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company 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.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non–controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non–controlling interests even if this results in the non–controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All significant intercompany transactions and balances between the entities in the Group are eliminated on consolidation.

<u>Changes in Group's ownership interests in existing subsidiaries</u>

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 Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non–controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before April 1, 2018)

Available–for–sale investments

Certain debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 10. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses and interest calculated using the effective interest method. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short–term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (Cont'd)

When an available–for–sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available–for–sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets (after April 1, 2018)

All financial assets are recognised and de–recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

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

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification of financial assets (Cont'd)

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss using effective interest method and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item. Fair value is determined in the manner described in Note 4(b)(vi).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Net exchange differences are recognised in profit or loss in the "other operating expenses" line items.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12–month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit–impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12–month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward–looking information that is available without undue cost or effort. Forward–looking information considered includes the future prospects of the industries in which the Group's debtor operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (Cont'd)

Significant increase in credit risk (Cont'd)

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit–impaired financial assets

A financial asset is credit–impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit–impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (Cont'd)

Write–off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward–looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward–looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past–due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (Cont'd)

Measurement and recognition of expected credit losses (Cont'd)

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds recurred, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, except for short–term balances when the recognition of interest would be immaterial.

Interest–bearing borrowings and convertible loan are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings and convertible loan in accordance with the Group's accounting policy for borrowing costs (see below).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (Cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Convertible loan

Convertible loans are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non–convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set–off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

CONTRACT ASSETS AND LIABILITIES – A contract asset is recognised when the Group has performed services under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed services under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs services under the contract.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight–line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease over the lease term including lease incentives granted to tenants are recognised on the profit or loss statement on a straight–line basis over the period of the lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (Cont'd)

Rentals payable under operating leases are charged to profit or loss on a straight–line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight–line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost less residual values, over their estimated useful lives, using the straight–line method, on the following bases:

Motor vehicles	2 to 10 years
Office equipment	5 years
Leasehold properties	Over the lease term of 25 to 28 years
Renovation	5 years
Furniture and fittings	5 years
Workshop equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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 amount of the asset and is recognised in profit or loss.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INTERESTS IN A JOINT OPERATION – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a group entity undertakes its activities under a joint operation, the Group as a joint operator recognises in relation to its interest in a joint operation:

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

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION – Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Engineering, procurement and construction contracts

The Group constructs facilities that are stated in the contract and it is common to have a warranty period included in the contract. The Group's performance creates an asset with no alternative use to the Group, as each construction project is customised to the customer's needs and is physically built at the customer's premises or at a location that the customer controls, hence the asset cannot be resold to another customer. The Group has an enforceable right to payment for work done. Contract revenue is therefore recognised over time on a cost–to–cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group becomes entitled to invoice customers for construction of facilities based on achieving a series of performance–related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost–to–cost method and payment from customer is always less than one year.

Operations and maintenance services

The Group provides maintenance services to customers throughout the contract or defect liability period. Revenue relating to the maintenance services is recognised over time when the customer simultaneously receives and consumes the benefits as the Group performs the services (i.e. the monthly maintenance services performed).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Government grants

Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

SHARE–BASED PAYMENTS – Equity–settled share–based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity–settled share–based payments is expensed on a straight–line basis over the moratorium period of two years. At the end of each reporting period, the shareholder revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state–managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the relevant period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non–monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non–monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non–monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non–monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non–controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re–attributed to non–controlling interests and are not recognised in profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and cash at bank that are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation which are dealt with below.

Key sources of estimation uncertainty

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

(i) Revenue recognition of engineering, procurement and construction ("EPC") contracts

The Group recognises contract revenue by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction of a performance obligation is measured based on input method.

Significant judgement is required to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year.

Management has reviewed the estimates, which are based on committed purchases and historical experience. Management is satisfied that the estimates are realistic, and that total project costs do not exceed total project revenue for each individual contract that is ongoing as at the end of the reporting period.

The amount of contract revenue recognised based on input method is disclosed in Note 20. The carrying amounts of contract assets and contract liabilities arising from EPC contracts are disclosed in Note 9.

(ii) Loss allowance of receivables

The Group assesses at each reporting date the allowance required for its receivables. The Group considers factors such as the probability of significant difficulties of the receivables, historical defaults or significant delay in payments and economic conditions. Significant judgment is made by management in determining the amount and timing of future cash flows, estimated based on historical loss experience for assets with similar credit risk characteristics, and any relevant forward–looking adjustments, including taking into consideration the credit–worthiness, past collection history, settlement arrangements, subsequent receipts and on–going dealings with the receivable.

The carrying amounts of trade and other receivables are disclosed in Note 8.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000
Financial assets						
At amortised cost	24,793	23,638	16,903	321	14,530	4
Measured at FVTPL	267	–	–	–	–	–
Available-for-sale investments	–	267	524	–	–	–
Financial liabilities						
At amortised cost	24,377	22,969	18,647	165	227	–

(b) *Financial risk management policies and objectives*

(i) Foreign exchange risk management

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar, Euro and Japanese yen against the Singapore dollar.

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

	Group					
	Assets			Liabilities		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000
United States dollar	118	93	679	2,611	78	36
Euro	–	–	–	810	143	–
Japanese yen	–	–	–	173	–	–

Foreign currency sensitivity

The sensitivity rate used when reporting foreign exchange risk exposures internally to key management personnel is 10%, which represents management's assessment of the possible change in foreign exchange rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

If the relevant foreign currencies were to strengthen by 10% against the Singapore dollar, the Group's profit before tax for the year will increase (decrease) by the following amounts:

	Group	
	2019	**2018**
	$'000	**$'000**
United States dollar	(249)	2
Euro	(81)	(14)
Japanese yen	(17)	–

If the relevant foreign currencies weaken by 10% against the Singapore dollar, the impact on the Group's profit before tax for the year would be vice versa.

The Company is not exposed to foreign exchange risk as it does not have monetary assets and monetary liabilities denominated in foreign currencies.

(ii) Interest rate risk management

The Group is exposed to interest rate risk mainly through certain floating-rate borrowings (Note 13). There is no interest rate risk for convertible loan (Note 14) as interest rate for convertible loan is fixed.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the reporting period and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower during the year and all other variables were held constant, the impact on the Group's profit before tax would decrease/increase by $13,000 (2018 : $14,000).

The Company is not exposed to interest rate risk as there are no interest-bearing assets and liabilities.

(iii) Equity price risk management

The Group and the Company are not exposed to any significant equity price risk as management has assessed the impact to be immaterial.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties, based on the credit evaluation process performed by management. Bank balances are held with creditworthy financial institutions.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degrees of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition unless the Group has reasonable and supportable information that amount is subjected to low credit risk.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired unless the Group has reasonable and supportable information that amount is subjected to low credit risk.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
March 31, 2019						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	14,114	–	14,114
Accrued revenue	8	(a)	Lifetime ECL (simplified approach)	588	–	588
Deposits	8	Performing	12m ECL	830	–	830
Other receivables	8	Performing	12m ECL	432	–	432
Contract assets	9	(a)	Lifetime ECL (simplified approach)	15,435	–	15,435
Company						
March 31, 2019						
Amount due from a subsidiary	8	Performing	12m ECL	290	–	290

(a) For trade receivables, accrued revenue and contract assets, the Group and the Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the expected credit losses on these items, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group has a concentration of credit risk as 85% (March 31, 2018 : 92% and April 1, 2017: 99%) of trade receivables which are due from its largest debtor. The Group considers this debtor to be of good credit quality.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 10 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

(v) Liquidity risk management

The Group monitors its liquidity risk and maintains a level of bank balances deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows. Liquidity risk is further managed by matching the payment and receipt cycle.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the consolidated statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
March 31, 2019						
Non-interest bearing	–	21,622	–	–	–	21,622
Fixed interest rate instruments	2.9	70	79	–	(5)	144
Variable interest rate instruments	2.9	279	1,116	1,292	(76)	2,611
Total		21,971	1,195	1,292	(81)	24,377
March 31, 2018						
Non-interest bearing	–	19,820	–	–	–	19,820
Fixed interest rate instruments	2.9	90	185	–	(8)	267
Variable interest rate instruments	2.4	277	1,110	1,562	(67)	2,882
Total		20,187	1,295	1,562	(75)	22,969
April 1, 2017						
Non-interest bearing	–	12,556	–	–	–	12,556
Fixed interest rate instruments (including liability component of convertible loan)	5.0	2,810	388	7	(267)	2,938
Variable interest rate instruments	2.2	277	1,108	1,836	(68)	3,153
Total		15,643	1,496	1,843	(335)	18,647

All financial liabilities of the Company are due within one year from the end of the reporting periods and are non-interest bearing.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets

All financial assets of the Group and the Company are due on demand or within one year from the end of the reporting periods and are non-interest bearing, except for fixed deposits and financial assets at fair value through profit or loss (March 31, 2018 and April 1, 2017: available-for-sale investments), for which details are disclosed in Notes 7 and 10 respectively.

(vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and convertible loan approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Management is of the view that the carrying amounts of borrowings and finance lease liabilities approximates their respective fair values as the interest rates approximate the prevailing market rates.

Apart from the financial assets at fair value through profit or loss (March 31, 2018 and April 1, 2017: available-for-sale investments), for which details are disclosed in Note 10, the Group and the Company has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, convertible loan and finance leases disclosed in Notes 13, 14 and 16 respectively, and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings. The Group is required to maintain specific financial ratio in order to comply with covenants in loan agreements with banks. The Group is in compliance with external imposed capital requirements.

The Group's overall strategy remains unchanged from the preceding year.

5 RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Typha Holdings Pte Ltd, incorporated in Singapore, which is also the Company's ultimate holding company.

Related companies in these financial statements refer to the subsidiaries of the Company. There are transactions and arrangements between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between members of the Group have been eliminated on consolidation and are therefore not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2019 $'000	2018 $'000
Short-term benefits	1,794	1,997
Post-employment benefits	89	123
Share-based payments	31	87
	1,914	2,207

7 CASH AND CASH EQUIVALENTS

	Group			Company		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $
Fixed deposits	201	3,207	5,204	–	–	–
Cash on hand and at bank	8,628	6,147	6,280	31	1,051	4
	8,829	9,354	11,484	31	1,051	4

As at March 31, 2019, the Group's fixed deposits bear an average effective interest rate of 0.8% (March 31, 2018 : 1% and April 1, 2017 : 0.7%) per annum with tenure of approximately eighteen months (March 31, 2018 and April 1, 2017 : one to eighteen months). The fixed deposits can be readily convertible into cash.

8 TRADE AND OTHER RECEIVABLES

	Group			Company		
	March 31 2019	March 31, 2018	April 1, 2017	March 31, 2019	March 31, 2018	April 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	14,114	13,925	4,491	–	–	–
Accrued revenue	588	104	78	–	–	–
Amount due from a subsidiary	–	–	–	290	13,479	–
Deposits	830	212	718	–	–	–
Prepayments	318	901	1,202	22	22	–
Other receivables	432	43	132	–	–	–
	16,282	15,185	6,621	312	13,501	–

Trade receivables and accrued revenue

The credit period ranges from 21 to 60 days (March 31, 2018 and April 1, 2017 : 30 days) and non-interest bearing. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There are no loss allowances in 2019 and 2018.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. There are no trade receivables have been written off in 2019 and 2018.

In 2019, the age of receivables past due amounted to $1,070,000. The Group has not recognised loss allowance against these receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Other receivables

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment as the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month expected credit losses ("ECL").

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables (cont'd)

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Amount due from a subsidiary

For purpose of impairment assessment, the receivables are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the subsidiary and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month expected credit losses ("ECL").

In determining the ECL, management has taken into account the financial position of the subsidiary, adjusted for factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operates, in estimating the probability of default of the receivables as well as the loss upon default. Management determines the receivables from the subsidiary are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amount due from the subsidiary.

Previous accounting policy

In 2018, in determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. For receivables that are neither past due nor impaired, management has considered the quality of the debts and determined that no allowance is required.

The aging profile of the past due trade receivables is as follows:

	Group	
	March 31, 2018	April 1, 2017
	$'000	$'000
< 1 month	82	269
1 to 2 months	14	4
> 2 months	35	7
Total	131	280

9 CONTRACT ASSETS/CONTRACT LIABILITIES

	Group		
	March 31, 2019	March 31, 2018	April 1, 2017
	$'000	$'000	$'000
Contract assets			
Engineering, procurement and construction contracts	15,435	13,978	5,856
Contract liabilities			
Engineering, procurement and construction contracts	260	450	760

Contract assets

Amounts relating to engineering, procurement and construction contracts are balances due from customers under contracts that arise when the Group receives payments from customers in line with a series of performance - related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The significant increase in the contract asset balances was due to new projects secured during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

As there was no historical credit loss experience by the Group, no provision for loss allowance has been made.

Contract liabilities

Amounts relating to engineering, procurement and construction contracts are balances due to customers under contracts that arise when a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

There were no significant changes in the contract liability balances during the reporting period.

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Group's revenue recognised that was included in the contract liability balance at the beginning of the period:

	Group	
	2019	2018
	$'000	$'000
Engineering, procurement and construction contracts	450	760

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS / AVAILABLE-FOR-SALE INVESTMENTS

	Group		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000
Quoted debt instruments, at fair value	267	267	524
Less: Amount due to mature within 12 months	(267)	–	(257)
Amount due to mature after 12 months	–	267	267
Nominal values	267	267	524
Coupon rates (per annum)	4.35%	4.35%	4.3 - 4.4%

The investments comprise quoted debt securities that offer the Group the opportunity for return through interest income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the reporting periods.

The fair value measurement of the quoted debt instruments is categorised as Level 1 within the fair value hierarchy, and there were no transfers between the respective levels during the year.

11 PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles $'000	Office equipment $'000	Leasehold properties $'000	Renovation $'000	Furniture and fittings $'000	Workshop equipment $'000	Total $'000
Cost:							
At April 1, 2017	1,552	316	5,068	422	–	114	7,472
Additions	279	183	4,966	–	–	6	5,434
Disposals	(49)	–	–	–	–	(6)	(55)
At March 31, 2018	1,782	499	10,034	422	–	114	12,851
Reclassification	–	79	(847)	767	–	1	–
Additions	696	186	–	122	692	192	1,888
Disposals	(311)	(4)	–	–	–	–	(315)
Exchange differences	2	(2)	–	–	–	–	–
At March 31, 2019	2,169	758	9,187	1,311	692	307	14,424
Accumulated depreciation:							
At April 1, 2017	385	195	809	334	–	101	1,824
Depreciation	254	62	188	65	–	7	576
Disposals	(46)	–	–	–	–	(3)	(49)
At March 31, 2018	593	257	997	399	–	105	2,351
Depreciation	289	112	342	173	127	34	1,077
Disposals	(159)	(4)	–	–	–	–	(163)
Exchange differences	2	–	–	–	–	–	2
At March 31, 2019	725	365	1,339	572	127	139	3,267
Carrying amount:							
At March 31, 2019	1,444	393	7,848	739	565	168	11,157
At March 31, 2018	1,189	242	9,037	23	–	9	10,500
At April 1, 2017	1,167	121	4,259	88	–	13	5,648

The carrying amount of the Group's motor vehicles held under finance leases (Note 16) are $432,000 (March 31, 2018 : $638,000 and April 1, 2017 : $721,000).

Certain borrowings of the Group (Note 13) are secured by mortgage of leasehold properties of the Group of which the carrying amounts are shown above.

12 INVESTMENT IN SUBSIDIARIES

	Company		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000
Unquoted equity shares, at cost	21,755	8,255	–

13 BORROWINGS

	Group		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000
Bank loans for properties (i)	2,611	2,882	3,153
Bank loans - others (ii)	–	–	583
Less: Amount due for settlement within 12 months (shown under current liabilities)	(271)	(271)	(854)
Amount due for settlement after 12 months	2,340	2,611	2,882
Interest rates on borrowings (per annum)	2.91%	2.35%	2.2 - 2.9%

(i) Bank loans for properties are secured by mortgage of leasehold properties of the Group (Note 11) and corporate guarantee from the Company, with periodic repayment over 15 to 16 year terms.

(ii) The remaining bank loans were secured by corporate guarantee from the Company, with periodic repayment over terms of 2 years.

	Group		
	March 31, 2019 $'000	March 31, 2018 $'000	April 1, 2017 $'000
Undrawn committed borrowing facilities	15,208	9,500	7,000

The facilities are secured by corporate guarantee from the Company and fixed deposits placed with a bank.

13 BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Group			
	April 1, 2018	Financing cash flows [i]	Equity component of convertible loan (Note 18)	March 31, 2019
	$'000	$'000	$'000	$'000
Borrowings (Note 13)	2,882	(271)	–	2,611
Finance leases (Note 16)	267	(123)	–	144
	3,149	(394)	–	2,755

	April 1, 2017	Financing cash flows [i]	Equity component of convertible loan (Note 18)	March 31, 2018
	$'000	$'000	$'000	$'000
Borrowings (Note 13)	3,736	(854)	–	2,882
Convertible loan (Note 14)	2,000	–	(2,000)	–
Finance leases (Note 16)	355	(88)	–	267
	6,091	(942)	(2,000)	3,149

[i] The cash flows make up the net amount of proceeds from borrowings and repayment of borrowings in the statement of cash flows.

14 CONVERTIBLE LOAN

On February 3, 2017, a subsidiary entered into an investment agreement with a third party for the grant of a convertible loan of $2,000,000. The drawdown of the convertible loan was on February 27, 2017.

Pursuant to the investment agreement, in the event of a listing on Singapore Exchange Securities Trading Limited ("SGX-ST"), the convertible loan shall be automatically converted into a stipulated number of shares in the issued share capital of the Company (Note 1). In the event that there is no listing on SGX-ST by February 26, 2019, the Company shall make full repayment of the convertible loan amount and all interest accrued thereon at 6% per annum from the date of the drawdown up to the date of repayment.

On May 25, 2017, 14,401,689 of ordinary shares were issued upon conversion of the convertible loan of $2,000,000.

15 TRADE AND OTHER PAYABLES

	Group			Company		
	March 31, 2019	March 31, 2018	April 1, 2017	March 31, 2019	March 31, 2018	April 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	10,353	13,238	7,744	–*	63	–
Accruals	10,935	6,071	4,715	165	164	–
Other payables	334	511	97	–	–	–
	21,622	19,820	12,556	165	227	–

* This represents amount less than $1,000.

The credit period on trade payables range from 30 to 60 days (March 31, 2018 and April 1, 2017 : 30 to 60 days). No interest is charged on outstanding balances.

16 FINANCE LEASES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	March 31, 2019	March 31, 2018	April 1, 2017	March 31, 2019	March 31, 2018	April 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Amounts payable under finance leases:						
Within one year	79	100	100	68	87	87
In the second to fifth years inclusive	89	207	300	76	180	261
Later than five years	–	–	8	–	–	7
	168	307	408	144	267	355
Less: Future finance charges	(24)	(40)	(53)	–	–	–
Present value of lease obligations	144	267	355	144	267	355
Less: Amount due for settlement within 12 months (shown under current liabilities)				(68)	(87)	(87)
Amount due for settlement after 12 months				76	180	268

The lease terms range from 5 to 7 years (March 31, 2018 and April 1, 2017 : 5 to 7 years). The borrowing rate ranges from 2.8% to 3.0% (March 31, 2018 and April 1, 2017 : 2.8% to 3.0%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased motor vehicles (Note 11).

17 DEFERRED TAX LIABILITIES

The following are deferred tax liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods:

Group	Accelerated tax depreciation $'000
At April 1, 2017 and March 31, 2018	–
Charge to profit or loss for the year (Note 23)	176
At March 31, 2019	176

18 SHARE CAPITAL

The Company was incorporated on February 27, 2017. Accordingly, the share capital in the consolidated statement of financial position as at March 31, 2017 relates to the Group's share of the share capital of the subsidiary, Sanli M&E Engineering Pte. Ltd.

	Group			Company			Group			Company		
	March 31, 2019	March 31, 2018	April 1, 2017	March 31, 2019	March 31, 2018	April 1, 2017	March 31, 2019	March 31, 2018	April 1, 2017	March 31, 2019	March 31, 2018	April 1, 2017
	Number of ordinary shares ('000)			Number of ordinary shares ('000)			$'000	$'000	$'000	$'000	$'000	$
At beginning of the year	268,658	1,500	1,500	268,658	–#	–	21,297	1,500	1,500	21,297	–*	–
Issuance of shares at incorporation of the Company	–	–	–	–	–	–#	–	–	–	–	–	4
Adjustment pursuant to the Restructuring Exercise (Note 1)	–	(1,500)	–	–	–	–	–	(1,500)	–	–	–	–
Issuance of new shares pursuant to the Restructuring Exercise (Note 1)	–	8,255	–	–	8,255	–	–	8,255	–	–	8,255	–
Sub-division of shares (Note 1)	–	194,001	–	–	194,001	–	–	–	–	–	-	–
Issuance of new shares pursuant to the conversion of convertible loan (Note 14)	–	14,402	–	–	14,402	–	–	2,000	–	–	2,000	–
Issuance of new shares pursuant to IPO [i]	–	52,000	–	–	52,000	–	–	11,700	–	–	11,700	–
IPO expenses	–	–	–	–	–	–	–	(658)	–	–	(658)	–
At end of the year	268,658	268,658	1,500	268,658	268,658	–#	21,297	21,297	1,500	21,297	21,297	4

18 SHARE CAPITAL (CONT'D)

This represents number of shares less than 1,000.
* This represents amount less than $1,000.

(i) In 2018, a total of 52,000,000 shares were issued to the public at $0.225 per share.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

19 RESERVES

Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to entities under common control.

Capital reserve

Capital reserve represents equity-settled shares given to employees by the directors of Typha Holdings Pte. Ltd., a major shareholder of the Company to recognise and reward the employees for their past contributions and services. The reserve is made up of cumulative market value of shares given to the employees at grant date over the moratorium period commencing from the award of shares to these employees.

20 REVENUE

The Group derives its revenue from the transfer of services over time in the following major lines. This is consistent with revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 28).

	Group	
	2019	**2018**
	$'000	**$'000**
Over time:		
- Engineering, procurement and construction contracts	57,824	56,115
- Operations and maintenance services	13,526	19,494
	71,350	75,609

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of March 31, 2018 is not disclosed, using the transition provisions of SFRS(I) 15.

20 REVENUE (CONT'D)

	Group
	2019
	$'000
Engineering, procurement and construction contracts	120,225

Management expects that 55% of the transaction price allocated to the unsatisfied contracts as of March 31, 2019 will be recognised as revenue during the next reporting period amounting to $66,401,000. Of the remaining 45%, $39,596,000 will be recognised as revenue in the 2021 financial year and $14,228,000 in the 2022 financial year.

21 OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Government grant	139	127
Interest income	70	93
Others	166	101
	375	321

22 FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Interest on:		
- Borrowings	81	226
- Finance leases	16	13
	97	239

23 INCOME TAX

	Group	
	2019	2018
	$'000	$'000
Current tax expense	470	903
Deferred tax expense	176	–
Overprovision of current tax in prior years	(1)	(118)
	645	785

Domestic income tax is calculated at 17% (2018 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2019	2018
	$'000	$'000
Profit before tax	2,827	3,840
Tax expense calculated at statutory rate of 17%	481	653
Non-deductible items	248	359
Overprovision of current tax in prior years	(1)	(118)
Tax exempt income	(60)	(26)
Tax rebate	(1)	(10)
Others	(22)	(73)
	645	785

24 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2019	2018
	$'000	$'000
Employee benefits expenses (including directors' remuneration)	15,162	13,161
Cost of defined contribution plans included in employee benefits expenses	692	598
Depreciation of property, plant and equipment [1]	1,077	576
Listing expenses [1]	–	1,231
Loss (Gain) on disposal of property, plant and equipment	42	(7)
Net foreign exchange losses [1]	4	59
Audit fees:		
- paid to auditors of the Company	65	75
- paid to other auditors	24	24
Non-audit fee paid to auditors of the Company in connection with the listing of the Company	–	271

[1] Included in other operating expenses.

25 EARNINGS PER SHARE

The calculation of the earnings per share ("EPS") attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2019	2018
Profit for the year attributable to owners of the Company ($'000)	2,220	3,069
Weighted average number of ordinary shares for purpose of earnings per share	268,657,813	256,839,481
EPS - Basic and diluted (cents)	0.83	1.19

There were no dilutive equity instruments for 2019 and 2018.

26 DIVIDENDS

In 2019, the Company declared and paid a final 1-tier tax exempt dividend of $0.0025 per ordinary share amounting to $671,645 for the financial year ended March 31, 2018 to the shareholders.

Subsequent to March 31, 2019, the Company proposes a final 1-tier tax exempt dividend of $0.0025 per ordinary share amounting to $671,645 for the financial year ended March 31, 2019 to the shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

27 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out a property under an operating lease. Rental income earned during the year ended March 31, 2019 is $79,100 (2018 : $81,600).

At the end of the reporting periods, the Group has contracted with a tenant for the following future minimum lease income:

	2019 $'000	2018 $'000
Less than one year	76	47
In the second to fifth years inclusive	44	–
	120	47

The Group as lessee

	2019 $'000	2018 $'000
Payment recognised as an expense during the year:		
- Minimum lease payments under operating leases	1,159	963

At the end of the reporting periods, the Group has outstanding commitments under non-cancellable operating leases of warehouses, dormitories, offices and properties which fall due as follows:

	2019 $'000	2018 $'000
Less than one year	493	442
In the second to fifth years inclusive	307	60
More than five year	1,284	–
	2,084	502

Leases are negotiated for an average term of 1 to 27 years and rentals are fixed for the duration of the lease, except for the lease of properties which is based on the rental rates prevailing at the end of the reporting period. Under the terms of the lease for properties, rent is subject to potential adjustment each year based on the market rate at the date of revision.

28 SEGMENT INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of goods and services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 *Operating Segments*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, and if applicable, the nature of the regulatory environment.

For management purposes, the Group is currently organised into two operating segments:

- Engineering, Procurement and Construction ("EPC") - provision of engineering, procurement and construction services relating to water and waste management.
- Operations and Maintenance ("O&M") - provision of operations and maintenance services relating to water and waste management.

Segment revenue and results

	2019 $'000	2018 $'000
Revenue - EPC	57,824	56,115
Revenue - O&M	13,526	19,494
Total revenue	71,350	75,609
Gross profit - EPC	7,225	7,547
Gross profit - O&M	2,536	3,324
Total gross profit	9,761	10,871
Unallocated corporate expenses	(5,830)	(6,309)
Depreciation	(1,077)	(576)
Interest income	70	93
Finance costs	(97)	(239)
Profit before tax	2,827	3,840
Income tax	(645)	(785)
Profit for the year	2,182	3,055

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2018 : $Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

28 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group's activities are located primarily in Singapore. The geographical locations of the Group's customers and non-current assets are primarily in Singapore.

Information about major customers

Revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2019 $'000	2018 $'000
Customer A (EPC and O&M)	62,293	72,422

For the purposes of monitoring segment performance and allocating resources between segments, the Group's chief operating decision makers do not monitor the tangible, intangible and financial assets attributable to each segment.

29 INTERESTS IN A JOINT OPERATION

In July 2016, the Group entered into a material joint operation in Singapore for an engineering, procurement and construction project, Chye Joo-Sanli Joint Venture, to which it is entitled to 45.07% proportionate share of the assets, liabilities and profits.

30 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards ("SFRS(I)") for the first time for the financial year ended March 31, 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (March 31, 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended March 31, 2019, an additional opening statement of financial position as at date of transition (April 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (April 1, 2017) and as at end of last financial period under FRS (March 31, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended March 31, 2018). Additional disclosures are made for specific transition adjustments if applicable.

30 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 Financial Instruments, SFRS(I) 15 Revenue from Contracts with Customers and the election of certain transition options available under SFRS(I) 1 as follows:

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligation as of March 31, 2018 is not disclosed using the transition provisions of SFRS(I) 15.
- The Group has elected to apply the exemption to adopt SFRS(I) 9 on April 1, 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended March 31, 2018. The Group is also exempted from complying with SFRS(I) 7 to the extent that the disclosures required by SFRS(I) 7 relate to the items within the scope of SFRS(I) 9.

Reconciliations of equity and total comprehensive income

The transition to SFRS(I) and the initial application of SFRS(I) 9 have not had a material impact on the statement of financial position as at April 1, 2017 and March 31, 2018 and total comprehensive income and the statement of cash flows for the year ended March 31, 2018. The effects of initial application of SFRS(I) 15 is presented and explained below.

(A) Impact on the Statement of Financial Position as at April 1, 2017 (date of transition to SFRS(I))

Group	As previously reported under FRS $'000	Initial application of SFRS(I) 15 $'000	(Note)	As adjusted under SFRS(I) $'000
Current assets				
Cash and cash equivalents	11,484			11,484
Trade and other receivables	6,665	(44)	(a)	6,621
Contract work-in-progress in excess of billings	5,812	(5,812)	(a)	–
Contract assets	–	5,856	(a)	5,856
Available-for-sale investments	257			257
Non-current assets				
Property, plant and equipment	5,648			5,648
Available-for-sale investments	267			267
Current liabilities				
Borrowings	854			854
Convertible loan	2,000			2,000
Trade and other payables	12,556			12,556
Billings in excess of contract work-in-progress	760	(760)	(b)	–
Contract liabilities	–	760	(b)	760
Finance leases	87			87
Income tax payable	2,216			2,216
Non-current liabilities				
Borrowings	2,882			2,882
Finance leases	268			268
Capital, reserves and non-controlling interests				
Share capital	1,500			1,500
Translation reserves	(35)			(35)
Retained earnings	7,045			7,045

30 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(B) Impact on the Statement of Financial Position as at March 31, 2018 (end of last period reported under FRS)

Group	As previously reported under FRS $'000	Initial application of SFRS(I) 15 $'000	(Note)	As adjusted under SFRS(I) $'000
Current assets				
Cash and cash equivalents	9,354			9,354
Trade and other receivables	15,686	(501)	(a)	15,185
Contract work-in-progress in excess of billings	13,477	(13,477)	(a)	–
Contract assets	–	13,978	(a)	13,978
Non-current assets				
Property, plant and equipment	10,500			10,500
Available-for-sale investments	267			267
Current liabilities				
Borrowings	271			271
Trade and other payables	19,820			19,820
Billings in excess of contract work-in-progress	450	(450)	(b)	–
Contract liabilities	–	450	(b)	450
Finance leases	87			87
Income tax payable	960			960
Non-current liabilities				
Borrowings	2,611			2,611
Finance leases	180			180
Capital, reserves and non-controlling interests				
Share capital	21,297			21,297
Translation reserves	(22)			(22)
Merger reserve	(6,755)			(6,755)
Capital reserve	232			232
Retained earnings	10,114			10,114
Non-controlling interests	39			39

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018 (last financial year reported under FRS)

The initial application of SFRS(I) 15 have not had a material impact on the statement of profit or loss and other comprehensive income.

30 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(D) Impact on the Statement of Cash Flows for the year ended March 31, 2018 (last financial year reported under FRS)

Group	As previously reported under FRS $'000	Initial application of SFRS(I) 15 $'000	(Note)	As adjusted under SFRS(I) $'000
Operating activities				
Profit before tax	3,840			3,840
Adjustments for:				
Depreciation of property, plant and equipment	576			576
Gain on disposal of property, plant and equipment	(7)			(7)
Loss on disposal of available-for-sale investments	7			7
Share-based payments expenses	232			232
Finance costs	239			239
Interest income	(93)			(93)
Exchange differences	13			13
Operating cash flows before movements in working capital	4,807			4,807
Trade and other receivables	(9,021)	501	(a)	(8,520)
Trade and other payables	7,264			7,264
Contract work-in-progress in excess of billings	(7,665)	7,665	(a)	–
Contract assets	–	(8,166)	(a)	(8,166)
Billings in excess of contract work-in-progress	(310)	310	(b)	–
Contract liabilities	–	(310)	(b)	(310)
Cash used in operations	(4,925)			(4,925)
Income tax paid	(2,041)			(2,041)
Net cash used in operating activities	(6,966)			(6,966)
Investing activities				
Purchase of property, plant and equipment	(5,434)			(5,434)
Proceeds from disposal of property, plant and equipment	13			13
Proceeds from disposal of available-for-sale investments	250			250
Interest received	93			93
Net cash used in investing activities	(5,078)			(5,078)
Financing activities				
Proceeds on issuance of new shares pursuant to IPO, net of IPO expenses capitalised	11,042			11,042
Repayment of borrowings	(854)			(854)
Repayment of finance leases obligations	(88)			(88)
Proceeds from non-controlling interests	53			53
Interest paid	(239)			(239)
Net cash from financing activities	9,914			9,914
Net decrease in cash and cash equivalents	(2,130)			(2,130)
Cash and cash equivalents at beginning of financial year	11,484			11,484
Cash and cash equivalents at end of financial year	9,354			9,354

30 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

Notes to reconciliations

(a) Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as contract work-in-progress in excess of billings and so has been reclassified. Retention sum receivables have also been reclassified as contract assets. There was no impact on the statement of profit or loss as a result of these reclassifications.

(b) The contract liabilities include amounts reclassified from billings in excess of contract work-in-progress. There was no impact on the statement of profit or loss as a result of these reclassifications.

31 STANDARDS ISSUED BUT NOT 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:

SFRS(I) 16 *Leases* (Effective for annual periods beginning on or after January 1, 2019)

SFRS(I) 16 will supersede SFRS(I) 1-17 *Leases* and its associated interpretative guidance effective from January 1, 2019 unless early adopted. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

Upon adoption of SFRS(I) 16, the Group will recognise liabilities for non-cancellable operating lease commitments (other than those which fall within the exemptions stated above); and recognise right of use asset to be amortised on a straight line basis over the lease period. Note 27 provides an indication of the nature and extent of lease payment obligations which fall within SFRS(I) 16.

STATISTICS OF SHAREHOLDINGS

As at 21 June, 2019

Class of shares: Ordinary shares
No. of issued shares: 268,657,813
Voting rights: One vote per ordinary share
No. of treasury shares: Nil
No. of subsidiary holdings: Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	64	8.80	57,300	0.02
1,001 - 10,000	351	48.28	1,894,200	0.71
10,001 - 1,000,000	302	41.54	20,156,178	7.50
1,000,001 AND ABOVE	10	1.38	246,550,135	91.77
TOTAL	**727**	**100.00**	**268,657,813**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	TYPHA HOLDINGS PTE. LTD.	147,051,346	54.74
2.	VANDA 1 INVESTMENTS PTE. LTD.	21,401,689	7.97
3.	RAFFLES NOMINEES (PTE) LIMITED	14,052,600	5.23
4.	KEW BOON KEE	13,282,675	4.94
5.	LEE TIEN CHIAT	13,282,675	4.94
6.	PEK KIAN BOON	13,282,675	4.94
7.	SIM HOCK HENG	13,282,675	4.94
8.	JEREMY LEE SHENG POH	5,200,000	1.94
9.	DB NOMINEES (SINGAPORE) PTE LTD	4,604,600	1.71
10.	OCBC SECURITIES PRIVATE LIMITED	1,109,200	0.41
11.	TOH CHIEW KHIM	675,000	0.25
12.	MAYBANK KIM ENG SECURITIES PTE. LTD.	604,800	0.23
13.	CHAN KOK HIANG	600,000	0.22
14.	UOB KAY HIAN PRIVATE LIMITED	510,300	0.19
15.	JON GOH KOK YEW	500,000	0.19
16.	DBS NOMINEES (PRIVATE) LIMITED	398,300	0.15
17.	WA SOCK LING	370,000	0.14
18.	CHUA BOON TECK	358,000	0.13
19.	CHANG WEI MENG (ZHANG WEIMING)	350,000	0.13
20.	PHILLIP SECURITIES PTE LTD	303,400	0.11
	TOTAL	**251,219,935**	**93.50**

STATISTICS OF SHAREHOLDINGS

As at 21 June, 2019

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 21 June 2019, approximately 17.37% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Catalist Rules is complied with.

SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Typha Holdings Pte. Ltd.[(1)]	147,051,346	54.74	-	-
2.	Vanda 1 Investments Pte. Ltd.[(3)]	21,401,689	7.97	-	-
3.	ICH Gemini Asia Growth Fund Pte. Ltd.	13,600,000	5.06	-	-
4.	Sim Hock Heng[(1)]	13,282,675	4.94	147,051,346[(1)]	54.74[(1)]
5.	Lee Tien Chiat[(1)]	13,282,675	4.94	147,051,346[(1)]	54.74[(1)]
6.	Kew Boon Kee[(1)]	13,282,675	4.94	147,051,346[(1)]	54.74[(1)]
7.	Pek Kian Boon[(2)]	13,282,675	4.94	147,051,346[(2)]	54.74[(2)]
8.	Heliconia Capital Management Pte. Ltd.[(3)]	-	-	21,401,689[(3)]	7.97[(3)]
9.	Heliconia Holdings Pte. Ltd.[(3)]	-	-	21,401,689[(3)]	7.97[(3)]
10.	Seletar Fund Investments Pte Ltd[(3)]	-	-	21,401,689[(3)]	7.97[(3)]
11.	Fullerton Fund Investments Pte Ltd[(3)]	-	-	21,401,689[(3)]	7.97[(3)]
12.	Temasek Holdings (Private) Limited[(3)]	-	-	21,401,689[(3)]	7.97[(3)]

Notes:

(1) Mr Sim Hock Heng, Mr Lee Tien Chiat and Mr Kew Boon Kee are deemed interested in the 147,051,346 shares held by Typha Holdings Pte. Ltd. ("**Typha Holdings**"). Each Executive Director owns 25% shares of Typha Holdings.

(2) Mr Pek Kian Boon is deemed interested in the 147,051,346 shares held by Typha Holdings. Mr Pek owns 25% shares of Typha Holdings.

(3) Heliconia Capital Management Pte. Ltd., Heliconia Holdings Pte. Ltd., Seletar Fund Investments Pte Ltd, Fullerton Fund Investments Pte Ltd and Temasek Holdings (Private) Limited are deemed interested in the 21,401,689 shares held by Vanda 1 Investments Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of SANLI ENVIRONMENTAL LIMITED (the "**Company**") will be held at 28 Kian Teck Drive, Singapore 628845 on Friday, 26 July 2019 at 9.00 a.m., to transact the following business:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To approve a tax exempt (1-tier) final dividend of 0.25 Singapore cent per share for the financial year ended 31 March 2019. **Resolution 2**

3. To approve Directors' fees of S$121,000 for the financial year ended 31 March 2019. **Resolution 3**

4. To re-elect Mr Sim Hock Heng, a Director retiring pursuant to Regulation 108 of the Company's Constitution. **Resolution 4**
   [See Explanatory Note (a)]

5. To re-elect Mr Lee Tien Chiat, a Director retiring pursuant to Regulation 108 of the Company's Constitution. **Resolution 5**
   [See Explanatory Note (b)]

6. To re-appoint Messrs Deloitte & Touche LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

7. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:-

8. <u>Authority to allot and issue shares</u> **Resolution 7**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and Rule 806 of the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares; and/or

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided always that:

(i) the aggregate number of Shares to be allotted and issued (including Shares to be issued pursuant to the Instruments made or granted) pursuant to this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be allotted and issued (including Shares to be issued pursuant to the Instruments made or granted) other than on a pro-rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the percentage number of Shares that may be issued (including Shares to be issued pursuant to the Instruments made or granted) under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the Company at the time of the passing of this Resolution, after adjusting for:

i. new Shares arising from the conversion or exercise of any convertible securities;

ii. new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

iii. any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and all applicable legal requirements under the Act and the Company's Constitution for the time being; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

By Order Of The Board

Goh Siew Geok (Ms)
Company Secretary
10 July 2019

Explanatory Notes:

(a) *In relation to Ordinary Resolution No. 4, Mr Sim Hock Heng, will be retiring from office at the AGM pursuant to Regulation 108 of the Company's Constitution, and will be standing for re-election at the AGM. Please refer to the sections on "Board of Directors", "Corporate Governance Report" and "Additional Information On Directors Seeking Re-Election" of the Company's 2019 Annual Report for more information relating to Mr Sim. There are no relationships (including immediate family relationships) between Mr Sim and other directors of the Company. Mr Sim will, upon re-election, continue to serve as Chief Executive Officer of the Company and a member of the Nominating Committee.*

(b) *In relation to Ordinary Resolution No. 5, Mr Lee Tien Chiat, will be retiring from office at the AGM pursuant to Regulation 108 of the Company's Constitution, and will be standing for re-election at the AGM. Please refer to the sections on "Board of Directors", "Corporate Governance Report" and "Additional Information On Directors Seeking Re-Election" of the Company's 2019 Annual Report for more information relating to Mr Lee. There are no relationships (including immediate family relationships) between Mr Lee and other directors of the Company. Mr Lee will, upon re-election, continue to serve as an Executive Director of the Company.*

Statement Pursuant to Regulation 74 of the Company's Constitution

The effect of the resolution under the heading "Special Business" in this Notice of AGM are:

The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro-rata basis to Shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued Shares in the capital of the Company will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of Shares.

Notes:

(i) *A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*

(ii) *Relevant Intermediaries (as defined in the Act), such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.*

(iii) *The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.*

(iv) *If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 28 Kian Teck Drive, Singapore 628845, not later than 72 hours before the time appointed for the holding of the AGM.*

(v) *A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM* in order for the Depositor to be entitled to attend and vote at the AGM.

This notice has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited.

This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr David Yeong (Tel: 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Personal Data Privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or by attending the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.*

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SANLI ENVIRONMENTAL LIMITED
Company Registration No. 201705316M
(Incorporated in the Republic of Singapore)

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person, CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

I/We,...(Name)*

*NRIC/Passport No./Company Registration No. ....

of...*(Address)*

being a *member/members of Sanli Environmental Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at 28 Kian Teck Drive, Singapore 628845 on Friday, 26 July 2019 at 9.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they may on any other matter arising at the AGM.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] or cross [x] within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Resolutions relating to :	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 together with the Independent Auditor's Report thereon.		
2.	To approve a tax exempt (1-tier) final dividend of 0.25 Singapore cent per share for the financial year ended 31 March 2019.		
3.	To approve Directors' fees of S$121,000 for the financial year ended 31 March 2019.		
4.	To re-elect Mr Sim Hock Heng, a Director retiring pursuant to Regulation 108 of the Company's Constitution.		
5.	To re-elect Mr Lee Tien Chiat, a Director retiring pursuant to Regulation 108 of the Company's Constitution.		
6.	To re-appoint Messrs Deloitte & Touche LLP, as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to allot and issue shares.		

Dated this __________day of____________, 2019

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)/Common Seal of Corporate Shareholder

**Delete where inapplicable*

IMPORTANT: Please read the notes for this Proxy Form

Fold this Flap for sealing

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A member (other than a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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Affix
Postage
Stamp

SANLI ENVIRONMENTAL LIMITED
28 Kian Teck Drive
Singapore 628845

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4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Kian Teck Drive, Singapore 628845, not less than 72 hours before the time set for the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney (or other authority) or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the registered office of the Company, not less than 72 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

7. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting on instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 July 2019.

SANLI ENVIRONMENTAL LIMITED
(Incorporated in the Republic of Singapore on 27 February 2017)
(Company Registration No. 201705316M)

28 Kian Teck Drive
Singapore 628845
Tel: (65) 6578 9269
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