Pipeline Engineering Holdings Limited
管道工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1865

ANNUAL REPORT

2019

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Michael Shi Guan Wah
(Chairman and Chief Executive Officer)
Mr. Shi Guan Lee
Mr. Shi Hong Sheng (Xu Hongsheng)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cher Choong Kiak
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Choo Chih Chien Benjamin

AUDIT COMMITTEE

Mr. Chiam Soon Chian (Zhan Shunquan)
(Chairman)
Mr. Cher Choong Kiak
Mr. Choo Chih Chien Benjamin

REMUNERATION COMMITTEE

Mr. Cher Choong Kiak *(Chairman)*
Mr. Shi Hong Sheng (Xu Hongsheng)
Mr. Chiam Soon Chian (Zhan Shunquan)

NOMINATION COMMITTEE

Mr. Choo Chih Chien Benjamin *(Chairman)*
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Michael Shi Guan Wah

COMPANY SECRETARY

Mr. Hwang Hau-zen Basil

AUTHORISED REPRESENTATIVES

Mr. Michael Shi Guan Wah
Mr. Hwang Hau-zen Basil

REGISTERED OFFICE

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Cayman Islands

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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INDEPENDENT AUDITORS

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Certified Public Accountants
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Central
Hong Kong

COMPLIANCE ADVISER

Fortune Financial Capital Limited
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183 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

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Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

Hong Leong Finance Limited
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Hong Leong Building
Singapore 048581

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

COMPANY'S WEBSITE ADDRESS

www.pipeline-engineering-holdings.com

STOCK CODE

1865

FOUR YEARS FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements, is set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March			
	2019	2018	2017	2016
	S$'000	*S$'000*	*S$'000*	*S$'000*
Revenue	**30,211**	23,419	28,408	29,502
Cost of sales	**(22,435)**	(16,021)	(22,690)	(22,491)
Gross profit	**7,776**	7,398	5,718	7,011
Profit before income tax	**1,760**	5,281	3,599	4,875
Profit and total comprehensive income for the year attributable to owners of the Company	**684**	4,498	3,250	4,021

ASSETS AND LIABILITIES

	Year ended 31 March			
	2019	2018	2017	2016
	S$'000	*S$'000*	*S$'000*	*S$'000*
Total assets	**49,846**	29,230	28,354	29,745
Total liabilities	**14,211**	13,006	10,628	15,269
Total equity	**35,635**	16,224	17,726	14,476

CHAIRMAN'S STATEMENT

Dear Shareholders,

Our behalf of the board (the "**Board**") of directors (the "**Directors**") of Pipeline Engineering Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the first annual report of the Group for the year ended 31 March 2019 (the "**Year**") since its listing on Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group was successfully listed on Main Board of the Stock Exchange (the "**Listing**") on 27 March 2019 (the "**Listing Date**"). We were happy to achieve this important milestone as it had elevated all business aspects of the Group as it strengthened our market position in the infrastructural engineering industry in Singapore, provided us with additional working capital and resources for the new Headquarters and expansion of our operations and implementation of our future plans and business strategies. The Listing had enhanced our credibility and visibility in the infrastructural engineering industry in Singapore, where a publicly-listed contractor may be viewed as one with higher standards of corporate governance and financial disclosure; which would strengthen and enhance our competitiveness against our competitors.

The business objectives are to strengthen our market position in the infrastructural engineering industry in Singapore, maintain sustainable growth in our business and create long-term shareholders' value. With the investments in our manpower, equipment and machineries, we are confident that it will increase our capacity to tender for and undertake more higher value projects concurrently to increase our market share in the industry.

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, subcontractors, business partners, and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

Michael Shi Guan Wah
Chairman and Chief Executive Officer

Singapore, 26 June 2019

INDUSTRY OVERVIEW

The infrastructural pipeline market in Singapore remained relatively stable for the year ended 31 March 2019, with no material adverse change in the general economic and market conditions in Singapore or the industry in which we operated that had materially or adversely affected or would affect the business operations or financial condition.

BUSINESS REVIEW AND PROSPECT

The core business and revenue structure of the Group has remained unchanged for the year ended 31 March 2019. The Group's operations are located in Singapore and our revenue and profit from operations are solely derived from pipeline infrastructural services rendered within Singapore. The Group is actively involved as a main contractor in both private and public sector projects which include institutional, industrial, commercial and residential projects. The revenue was principally derived from pipeline project works for (i) gas pipeline projects, (ii) water pipeline projects and (iii) cable installation projects.

Our business strategies remained unchanged. Since the listing of the Company, the management has continuously consolidated and strengthened the reputation of the Group through submission of tender invitation to keep our presence in the market. Leveraging our listing status, our core business continued to earn good reputation and provided the Group with sound track record for potential business opportunities. Subsequent to the year ended 31 March 2019, the Group has secured a new project, together with the ongoing projects in hand, our revenue could be sustained for the next financial year.

Looking forward, the Group will continue to focus on strengthening the market position in the building and construction industry in Singapore. Leveraging the competitive advantages in terms of credibility and visibility in the pipeline engineering and construction industry upon listing of the Company, the Board expects that the Group is well-positioned for the challenges and competition ahead, and aims to deliver satisfactory return to shareholders.

ONGOING PROJECTS

As at 31 March 2019, the Group had 6 ongoing gas pipeline projects, 6 water pipeline projects, 3 ongoing cable installation projects with an aggregated contract sum of approximately S$69.9 million, of which approximately S$38.7 million has been recognised as revenue as at 31 March 2019. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

The management considered that all of the ongoing projects were on schedule and none of which would cause the Group to indemnify the third parties and incur any contingent liabilities as at 31 March 2019.

FINANCIAL REVIEW

Year ended 31 March 2019 ("**FY2019**") compared to Year ended 31 March 2018 ("**FY2018**").

Revenue

The following table sets for the breakdown of the Group's revenue, the number of projects/contracts performed and the percentage contribution to total revenue for the years ended 31 March 2019 and 2018.

	For the year ended 31 March					
	2019			2018		
	Number of projects	Revenue *(S$'000)*	% of revenue *(%)*	Number of projects	Revenue *(S$'000)*	% of revenue *(%)*
Gas pipeline	7	10,132	33.5	16	13,337	56.9
Water pipeline	6	13,793	45.7	8	9,066	38.7
Cable installation	7	6,286	20.8	4	1,016	4.4
Total	20	30,211	100.0	28	23,419	100.0

Our revenue increased by approximately S$6.8 million from S$23.4 million to S$30.2 million is a combined effort of the following:

(1) Increase in revenue in the cable installation by approximately S$5.3 million;

(2) Increase in revenue in the water pipeline by approximately S$4.7 million; and

(3) Decrease in revenue in the gas pipeline by approximately S$3.2 million.

The increase in revenue in the cable installation projects by S$5.3 million was due to increase in revenue recognised for supply and installation of solar panels ("**Solar Project**") of approximately S$1.5 million from a private customer and for a cable project ("**Cable Project**") from a private power utility customer of S$4.7 million; partially net off by a reduction of revenue recognised for a manhole construction, pipe and duct installation and road reinstatement works project of approximately S$0.5 million. The Solar Project and Cable Project were secured in the 4th quarter of FY2018 and a substantial amount of works was commenced in FY2019.

The increase in revenue in the water pipeline projects by S$4.7 million was mainly attributable to (i) an increase in revenue recognised for a water main repairs project from a public water utility customer of approximately S$4.3 million, (ii) an increase in revenue recognised for the proposed engineering, procurement, construction and commission of pipe reticulation works project of approximately S$1.3 million, (iii) an increase in revenue recognised for the proposed 1600mm diameter pipeline installation project of approximately S$1.1 million by a private customer, and partially set-off by a decrease in revenue recognised for the proposed 800mm diameter pipeline installation project of approximately S$1.9 million.

The decrease in revenue in the gas pipeline projects by S$3.2 million was mainly attributable to decrease of a gas transmission pipeline and facilities project of approximately S$2.1 million and a decrease of a supply, laying and installation of gas mains and services and decommissioning of existing live gas mains of approximately S$1.1 million.

Costs of Sales

Our costs of sales increased by approximately S$6.4 million, in line with the increase in Revenue.

Gross Profits and Gross Profit Margins

Gross profits increased by approximately S$378,000 from S$7.40 million to S$7.78 million.

Gross profits margin decreased by approximately 5.9% from 31.6% to 25.7% is a combined effort of the following:

(1) Decrease in Gross Profit Margin for gas pipeline from 32.3% to 29.7%;

(2) Decrease in Gross Profit Margin for water pipeline from 32.3% to 28.7%; and

(3) Decrease in Gross Profit Margin for cable installation from 15.6% to 12.9%.

The decrease in gross profit margin for gas pipeline projects of approximately 2.6% from 32.3% in FY2018 to 29.7% in FY2019 is mainly attributable to the decrease in higher margin projects with gross profit margins of 31% to 33% that were recognised in FY2018, against revenue recognised, with gross profit margins between 24% to 30%.

The decrease in gross profit margin for water pipeline of approximately 3.6% from 32.3% in FY2018 to 28.7% in FY2019 is mainly attributable to a decrease in gross profits contribution from a project with a high gross profit margin of 52%, which was substantially completed in FY2018.

The decrease in gross profit margin for cable installation projects of approximately 2.7% from 15.6% in FY2018 to 12.9% in FY2019 is mainly attributable to gross profits contributed by the Solar Project which has a gross profit margin of 8%.

Other income

Other income increased by approximately S$105,000 from S$495,000 to S$600,000 is mainly attributable to the increase in sundry income.

Other Losses, net

Other losses, net decreased by approximately S$183,000 from S$218,000 in FY2018 to S$35,000 in FY2019 is mainly due to a decrease in the write off of property, plant and equipment.

Administrative expenses

Administrative expenses increased by approximately S$4.2 million from S$2.3 million to S$6.5 million, primarily due to a one-off listing expenses of S$3.8 million.

Income tax expense

Income tax expenses increased by approximately S$293,000 from S$783,000 to S$1.1 million, against a backdrop in the decrease of profit before tax of approximately S$3.5 million from S$5.3 million to S$1.8 million. This is due to an increase in expenses that are not deductible for tax purposes of approximately S$824,000. These non-deductible expenses are one-off listing expenses incurred by the Group.

Profit for the Year

Profit for the year decreased by approximately S$3.8 million from S$4.5 million in FY2018 to S$0.7 million in FY2019 is mainly attributable to listing expenses incurred by the Group for the successful listing on the Main Board on 27 March 2019.

Adjusted profit for the year excluding listing expenses decreased marginally by S$9,000 is mainly due to increase in gross profits of approximately S$378,000; an increase in other income of approximately S$105,000; a decrease in other losses of approximately S$183,000 and a decrease in fair value loss on investment properties of approximately S$75,000; set off by an increase in administrative expenses (excluding listing expenses) of S$442,000 and an increase in income tax expenses of S$293,000.

Property, plant and equipment

Property, plant and equipment increased by approximately S$1.3 million due to additions of approximately S$3.3 million, set off by depreciation of approximately S$1.9 million, disposal of property, plant and equipment of S$94,000, plant and equipment written off of S$11,000. The purchase of property, plant and equipment are mainly new machinery for the Group's subsidiary's operations.

Trade and other receivables

The Group's trade and other receivables decreased by approximately S$2.8 million from S$4.8 million as at 31 March 2018 to S$2.0 million as at 31 March 2019. The decrease is mainly attributable to the decrease in prepayments, due to a one-off, non-recurring advanced prepayments to our supplier of approximately S$1.4 million and trade receivables written-off of approximately S$1.6 million from one of our customer.

Trade and other payables

Trade and other payables increased by approximately S$3.6 million from S$2.3 million as at 31 March 2018 to S$5.9 million as at 31 March 2019 mainly due to increase in sundry creditors of approximately S$2.0 million, increase in accrued expenses of approximately S$1.0 million and increase in accruals for employee benefit expenses of approximately S$580,000.

Bank borrowings

Bank borrowings increased by approximately S$1.9 million from S$593,000 as at 31 March 2018 to S$2.5 million as at 31 March 2019. The increase is mainly attributable to a newly drawn down of loan facility for working capital purpose.

Finance lease liabilities

Finance lease liabilities increased by approximately S$1.5 million from S$26,000 as at 31 March 2018 to S$1.5 million as at 31 March 2019 is due mainly to additions of machinery in FY2019 which is bought under hire purchase.

Current assets, capital structure, and gearing ratio

The Group maintained a healthy liquidity position with net current asset balance and net cash of approximately S$26.9 million (as at 31 March 2018: S$5.7 million) and S$19.8 million (31 March 2018: S$6.2 million) respectively as at 31 March 2019. The Group's gearing ratio (calculating by dividing total interest-bearing debt by total equity) as at 31 March 2019 was 11.3%, an increase of 7.5% from 3.8% as at 31 March 2018. The increase in gearing ratio was due mainly to the increase in bank borrowings and financial lease liabilities incurred in FY2019.

Foreign Exchange Exposure

For the year ended 31 March 2019, the headquarters and principal place of business of the Group is in Singapore with our revenue and costs of sales mainly denominated in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries.

However, as the Group have been listed on the Main Board of the Stock Exchange on 27 March 2019, the Group retains most of the listing proceeds from the share offer denominated in Hong Kong dollars amounting to approximately S$19.3 million that are exposed to fluctuations in foreign exchange rate risks. The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. During the year ended 31 March 2019, the Group has not entered into any agreement or commit to any financial instruments to hedge any exchange rate exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had a total of 302 employees. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

USE OF LISTING PROCEEDS

The shares of the Company were listed on the Main Board of the Stock Exchange on 27 March 2019 for which the Company issued 230,000,000 new shares. The net listing proceeds from the share offer received by the Company, after deducting related listing expenses, were approximately HK$90.2 million (approximately S$15.7 million), out of which none has been utilised as at 31 March 2019.

The future plan and scheduled use of proceeds were based on the best estimation of future market conditions made by the Group, while the proceeds were applied with consideration of the actual development of business and market. As of 31 March 2019, the Group does not anticipate any change to the plan as to the use of listing proceeds. The majority of the unused net proceeds have been placed with licensed bank in Singapore and Hong Kong.

	Use of net proceeds	Total net proceeds received *(S$'000)*	Utilised as at 31 March 2019 *(S$'000)*	Total remaining net proceeds available as at 31 March 2019 *(S$'000)*
(a)	Relocate to a new property to be acquired to be used as our new office, foreign worker dormitory and warehouse for our machinery	9,368	—	9,368
(b)	Purchase two pipe jacking machines	4,896	—	4,896
(c)	Working capital	1,428	—	1,428
	Total	15,692	—	15,692

SIGNIFICANT EVENT AFTER REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2019.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Michael Shi Guan Wah (徐源華先生), aged 57, is a co-founder of our Group and has been a director of HSC Pipeline Engineering since January 1993. He was appointed as a Director in July 2018 and re-designated as the Chairman, chief executive officer and an Executive Director in August 2018. He was further appointed as a member of the nomination committee of our Company on 26 February 2019. Mr. Michael Shi has been our Group's managing director since January 1993 and is responsible for leading our Group's business development and overseeing all aspects of the business, including corporate operations, project execution and financial performance.

Mr. Michael Shi has over 26 years of experience in the construction industry. He had attended secondary education in Singapore until October 1978, then he participated in his family business engaging in the building construction business, where he gained exposure to the construction industry. He also formed Jet Equipment, a partnership engaging in installation of industrial machinery and equipment and mechanical engineering works from July 1991 until August 1992.

Throughout the years, Mr. Michael Shi has attended a number of professional training courses to enhance his skills and knowledge in handling advanced machinery and systems and has obtained relevant licences and certificates. In December 1992, he completed the Gas Service Workers Course organised by the Public Utilities Board. He has become a licensed gas service worker since 1993 and was granted a lifetime Gas Service Worker Licence by the Energy Market Authority of Singapore in February 2015. In July 1995, he obtained the Skill Evaluation Certificate for attaining the required standard in the Practical Test in Construction Plant Operation (Excavator Loader) conducted by the Building and Construction Authority, and he then became a registered excavator operator recognised by SP PowerGrid Ltd in 1996. In October 1995, he completed the Underground Services Detection course organised by the Singapore Power Training Institute. He also completed the basic training for Durafuse PE electrofusion system for gas distribution organised by Glynwed Pipe Systems (Asia) Pte Ltd in June 1997 and July 1998, respectively. In July 2002, he completed the 'on-site' course of instruction on Hy-Ram Fully Automatic butt-fusion Equipment organised by CPP Global Products Pte Ltd. He also completed the training on the WIDOS 4800 CNC 3.0 Welding Machine organised by WIDOS Technology (Asia Pacific) Pte Ltd.

Mr. Shi Guan Lee (徐源利先生), aged 54, is a co-founder of our Group and has been a director of HSC Pipeline Engineering since January 1993. He was appointed as a Director in July 2018 and re-designated as an Executive Director in August 2018. Mr. Shi Guan Lee has been our Group's operations director since January 1993 and is responsible for overseeing our Group's operating performance and monitoring project planning and execution.

Mr. Shi Guan Lee has over 26 years of experience in the construction industry. He had attended secondary education in Singapore until October 1979, then he participated in his family business engaging in building construction business and in March 1990, he formed ABBA Electrical & Plumbing Works which was engaged in electric works, plumbing, non-electric heating and air-conditioning.

He has attended a number of professional training courses to sharpen his skills and knowledge in operations. In October 1995, he completed the Underground Services Detection Course organised by the Singapore Power Training Institute. Besides, he completed the basic training for Durafuse PE electrofusion system for gas distribution organised by Glynwed Pipe Systems (Asia) Pte Ltd in March 1998, the Building Construction Safety Supervisors Course organised by the Occupational Safety and Health (Training & Promotion) Centre in September 2001, the 'on-site' course of instruction on Hy-Ram Fully Automatic butt-fusion Equipment organised by CPP Global Products Pte Ltd in July 2002, training for epros DrainLiner — Renovation System in accordance with DIBT (German Institute For Construction Engineering) organised by Pipe Seals Gateshead Ltd (Certified Consultant for Rehabilitation of Sewer System) in February 2010 and training on the WIDOS 4800 CNC 3.0 Welding Machine organised by WIDOS Technology (Asia Pacific) Pte Ltd. In November 2015, he was granted the Certificate of Competency in Hydraulic Excavator Operation by the Building and Construction Authority. Currently, he has also been a registered excavator operator recognised by SP PowerGrid Ltd since 1996.

Mr. Shi Hong Sheng (Xu Hongsheng) (徐鴻勝先生), aged 32, was appointed as a Director in July 2018 and re-designated as an Executive Director in August 2018. He was further appointed as a member of the remuneration committee of our Company on 26 February 2019. He has been a director of HSC Pipeline Engineering since April 2018. Mr. Shane Shi is responsible for overseeing our Group's operations and maintaining relationships with customers and suppliers.

Mr. Shane Shi has over seven years of experience in the construction industry. Mr. Shane Shi obtained a degree of Bachelor of Engineering (Mechanical Engineering (Honours)) from the National University of Singapore in June 2011 and a Specialist Diploma in Construction Productivity at the Building and Construction Authority in November 2016. Mr. Shane Shi joined our Group as a project manager in April 2011. Between December 2017 and March 2018, he was also a director of Skye Marine Pte. Ltd., which was engaged in engineering design and consultancy activities.

Mr. Shane Shi also attended a number of professional training courses. He attended the Building Construction Supervisors Safety Course organised by Absolute Kinetics Consultancy Pte Ltd in April 2011, the Confined Space Safety Assessor Course organised by Association of Process Industry in June 2011, the Work-at-Height Course for Supervisors organised by QMT Industrial & Safety Pte Ltd in April 2013, Construction Safety Course for Project Managers organised by Avanta Global Pte Ltd in October 2014, the course in relation to detect and locate underground power cables organised by SP Training and Consultancy Company Pte. Ltd. in December 2011, the course in relation to Earth Control Measures (ECM) For Construction Site Personnel organised by The Institute of Engineers, Singapore in February 2016 and the course in relation to Pavement Construction & Maintenance organised by the Building and Construction Authority in July 2014. Mr. Shane Shi has also obtained a Certificate in Workplace Safety and Health and an Advanced Certificate in Workplace Safety and Health granted by Singapore Workforce Development Agency in November 2012 and October 2013, respectively. Furthermore, he is a registered Earthworks Supervisor recognised by Singapore Institute of Power & Gas.

Independent Non-Executive Directors

Mr. Cher Choong Kiak (徐俊傑先生) ("**Mr. Cher**"), aged 57, was appointed as an Independent Non-Executive Director on 26 February 2019. He is currently the chairman of the remuneration committee and a member of the audit committee.

Mr. Cher has been working in the finance industry for over three decades. He started his career with Singapore's national savings bank, the Post Office Savings Bank in June 1983. He worked in client services and electronic banking department, security and investigations division and operations support functions, mainly responsible for handling ATM cash disputes and shortage claims, GIRO and interbank GIRO fund transfers and payments as well as staff and customer fraud investigations. Due to the merger of Post Office Savings Bank and DBS Bank, he then worked under DBS Bank as a bank executive until June 2011. During his time with DBS Bank, he performed similar roles as he did in Post Office Savings Bank; he also joined the anti-money laundering department and was responsible for monitoring suspicious transactions. He went on to join Standard Chartered Bank from June 2011 to April 2016 as an analyst in the transaction monitoring unit engaging in anti-money laundering compliance. He was a certified member of the Association of Certified Anti-Money Laundering Specialists until May 2018.

He has joined Bank of Singapore since April 2016. He is presently a compliance officer (senior associate) of the client monitoring department and is mainly responsible for transaction monitoring and compliance related advisory. Mr. Cher has been elected to the board of directors of TCC Credit Co-operative Limited, a credit cooperative registered under the Registrar of Cooperatives in Singapore, since 1998. He is a member of TCC Credit Co-operative Limited's audit committee since 2012 as well as sitting on the board of its subsidiary since 2015.

In March 1993, Mr. Cher has obtained a Diploma in Business Efficiency & Productivity (Business Administration) from National Productivity Board Singapore. He also has an Advanced Diploma in Business Management from Management Development Institute of Singapore in collaboration with University of Bradford in 1994. In July 1999, he further obtained the Diploma in Industrial Relations from Singapore Institute of Labour Studies.

Mr. Chiam Soon Chian (Zhan Shunquan) (詹舜全先生) ("**Mr. Chiam**"), aged 39, was appointed as an Independent Non-Executive Director on 26 February 2019. He is currently the chairman of the audit committee and a member of the nomination committee and remuneration committee.

Mr. Chiam has over 14 years of experience in the banking and consulting industry. He started his career as an auditor with Ernst & Young LLP (Singapore) in July 2004 until December 2005, where his duties included the performance of audit fieldwork and the preparation of general audit working papers. He was then a senior consultant of Protiviti Pte Ltd, a company principally engaged in management consultancy activities, between December 2005 and February 2007, where he assisted clients to improve risk management by evaluating business process risks, providing consultancy and internal control services. He was a manager of KPMG Huazhen between February 2007 and October 2011, where he had advised on the design of risk and compliance framework. He worked at Bank of America N.A., Shanghai Branch between October 2011 and January 2014 where his last position held was Assistant Vice President in Global Technology and Operations; he was in charge of the business continuity management programme and handled queries from auditors and regulators. He worked at Deutsche Bank between February 2014 and April 2016; he started in Deutsche Bank (China) Co., Ltd. Shanghai Branch as the vice president of the head of regulatory reporting (finance) and was later transferred to Deutsche Bank AG, Hong Kong Branch. He was mainly responsible for managing finance and operational projects.

Mr. Chiam is currently the chief operating officer of Lumens Auto Pte Ltd, a company based in Singapore principally engaged in the provision of car leasing services, and has been working there since November 2017. His major duties include planning for corporate growth, budgeting and resources allocation. In addition, he also assists on financial projections and analyses of existing programmes and policies.

Mr. Chiam obtained a Degree of Bachelor of Accountancy from the Nanyang Technological University in Singapore in June 2004. He has been a Chartered Accountant of Singapore at the Institute of Singapore Chartered Accountants since July 2013, a certified internal auditor at the Institute of Internal Auditors since November 2009 and a Project Management Professional at Project Management Institute since October 2017.

Mr. Choo Chih Chien Benjamin (朱志乾先生) (“**Mr. Choo**”), aged 42, was appointed as an Independent Non-Executive Director on 26 February 2019. He is currently the chairman of the nomination committee and a member of the audit committee.

Mr. Choo has over 16 years of experience in legal practice, where he specialises in matters relating to mergers & acquisitions, joint ventures, corporate finance, competition-law related matters and advising on securities regulations. Mr. Choo practiced as an advocate and solicitor with TSMP Law Corporation between May 2005 and April 2012, where he last held the position as a director and was responsible for representing clients on a wide spectrum of transactions such as mergers and acquisitions (including public takeovers), equity capital market deals and general corporate transactions. Mr. Choo was a director at Edmond Pereira Law Corporation between April 2012 and February 2018, and he was in charge of the firm’s corporate and transactional practice. Mr. Choo was a member of the Complaints and Disciplinary Panel constituted under the Singapore Accountants Act from June 2010 to May 2012. He has been a referee of the Small Claims Tribunal at the Subordinate Courts of Singapore since August 2010. He has also been a member of the Inquiry Panel constituted under the Singapore Legal Profession Act since August 2013.

Mr. Choo is currently a director of Genesis Law Corporation, a position he has held since March 2018. He is also an independent director of MeGroup Limited since September 2018, a company whose shares are listed on the Catalist Board of the Singapore Stock Exchange (stock code: SGX: SJY).

Mr. Choo obtained a Degree of Bachelor of Laws from the National University of Singapore in July 2001 and he has been admitted as an advocate and solicitor of the Supreme Court of Singapore since May 2002. He was also listed in Chambers Asia Pacific 2011 as a Leading Individual (Investment Funds: Domestic Firms).

Mr. Choo served as an independent director of AGV Group Limited between April 2016 and June 2018, a company principally engaged in galvanizing services, whose shares are listed on the Catalist Board of the Singapore Stock Exchange (stock code: 1A4).

Senior Management

Mr. Goh Yong Cheng (吳勇臻) ("**Mr. Goh**"), aged 55, joined our Group in August 2001 as the project manager and professional engineer and was promoted to senior project manager of our Group in September 2014. Mr. Goh is responsible for project management, planning and coordination of our Group.

Mr. Goh has over 20 years of experience in the construction industry. Prior to joining our Group, from March 1992 to May 1993 and July 1996 to December 1997, he worked at SC Engineering Consultants Pte. Ltd., a company principally engaged in civil and structural engineering, as a resident engineer, mainly responsible for overall project management. Between January 1998 and May 2001, he worked at St Architects & Engineers Pte Ltd, a company principally engaged in architectural and engineering activities and technical testing and analysis, as the chief resident engineer responsible for overall project management.

Mr. Goh obtained a Technician Diploma in Civil Engineering from Singapore Polytechnic in May 1985, a Bachelor of Engineering (Civil Engineering) from the Queen's University of Belfast (UK) in July 1989 and a Graduate Diploma in Business Administration from Singapore Institute of Management in November 1992. He has also been a registered professional engineer in Civil Engineering of Singapore Professional Engineers Board since March 1996 and a member of The Institute of Engineers, Singapore since September 1993.

Mr. Kong Mun Kai (孔文佳) ("**Mr. Kong**"), aged 36, joined our Group in December 2005 as the project manager and was promoted to senior project manager of our Group in July 2018. Mr. Kong is responsible for project management, planning and coordination of our Group.

Mr. Kong has over 13 years of experience in the construction industry. He obtained a degree of Bachelor of Engineering (Honours) with a major in civil engineering from the University of Southern Queensland Australia in March 2006.

Mr. Kwok Chung Chieh Lincoln (郭中杰) ("**Mr. Kwok**"), aged 42, joined our Group in June 2018 as financial controller. He is responsible for the accounting operations and reporting, taxation, financial planning and internal control systems of our Group.

Mr. Kwok has over 11 years of experience in accounting and auditing. Prior to joining our Group, between January 2006 and August 2007, he worked at BDO Raffles as a senior audit assistant; between December 2007 and October 2008, he worked at Grant Thornton Transaction Services Pte. Ltd., a company principally engaged in management consultancy activities, as a senior associate; between November 2008 and January 2010, he worked at Crowe Horwath First Trust LLP as an audit senior; between February 2010 and November 2010, he worked at T.S. Tay & Associates as an audit supervisor; between July 2011 and January 2012, he worked at Premium Land Pte. Ltd., a company principally engaged in real estate activities, as a finance manager; between February 2012 and October 2013, he worked at Tan & Teh as an audit manager; between December 2013 and May 2014, he worked at BDO LLP as an assistant audit manager; between June 2014 and July 2015, he worked at Tritech Group Limited, a company listed on the Catalist board of the Singapore Stock Exchange (stock code: 5G9) and engaged in urban and environmental infrastructure and water and environmental protection business, as a financial controller; and between February 2016 and June 2018, he worked at Starland Holdings Limited, a company listed on the Catalist board of the Singapore Stock Exchange (stock code: 5UA) and principally engaged in the development of residential and commercial properties in the PRC, as a financial controller.

Mr. Kwok obtained the Degree of Bachelor of Engineering (Electrical) from the National University of Singapore in July 2001 and the degree of Master of Accounting at Curtin University of Technology in February 2006. Furthermore, he has been a member of CPA Australia, the Association of Chartered Certified Accountants (ACCA) and the Institute of Singapore Chartered Accountants (CA) since December 2010, March 2013 and September 2013, respectively.

The directors of the Company (the "**Directors**") have pleasure in presenting their first annual report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for the year ended 31 March 2019 (the "**Year**").

CORPORATE REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands as an exempted company with limited liability on 17 July 2018 under the name of Astute Prosper Holding Limited 敏昌控股有限公司. Our Company changed its name from Astute Prosper Holding Limited 敏昌控股有限公司 to Pipeline Technologies Holdings Limited 管道科技控股有限公司 with effect from 15 August 2018 and subsequently on 22 August 2018, we further changed our name to Pipeline Engineering Holdings Limited 管道工程控股有限公司.

In preparation for the Listing, the companies comprising the Group underwent a reorganisation (the "**Reorganisation**"). Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 14 February 2019. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in Note 1 of the Consolidated Financial Statements.

The Shares were successfully listed on Main Board of the Stock Exchange on 27 March 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in the provision of infrastructural pipeline construction and related engineering services mainly to private and public utilities companies in the gas, water, telecommunications and power industries in Singapore. The revenue was principally derived from project works for our (i) gas pipeline projects; (ii) water pipeline projects; and (iii) cable installation projects. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 15 to the Consolidated Financial Statements. The results of the Group for the Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 75 in this report.

The business review of the Group for the Year together the future business development are set out in the section headed "Management Discussion and Analysis" on pages 5 to 10 of this annual report. The discussion therein forms part of the report of Directors.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last four financial years, as extracted from the published audited consolidated financial statements is set out on page 3 of this annual report. This summary published does not form part of the audited Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to building an environmentally-friendly corporation and minimising our impact on the environment. Discussion on the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" on pages 44 to 68 in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations.

The Group is principally engaged in the provision of construction services in Singapore and is thus subject to the rules and regulations implemented by the Energy Market Authority of Singapore and the Public Utilities Board, which regulate activities of contractors. The Company confirmed that save as disclosed below, the Group had obtained all the registrations and certifications required for its business and operations in Singapore, and had complied with the applicable laws and regulations in Singapore in all material respects during the Year.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on the support from key parties which comprise customers, suppliers and employees.

Customers

Our customers include (i) Singapore Government agencies; and (ii) private companies in Singapore. Open tenders put up by Singapore Government agencies are posted on GeBIZ while tenders for private organisations are mainly by invitation.

During the Year, revenue derived from the Group's top five customers accounted for approximately 92.1% (31 March 2018: 96.0%) of the total revenue.

Suppliers and subcontractors

We maintain good working relationships with our subcontractors and suppliers and do not foresee any material difficulties in sourcing for services and materials in the future. Our project team will hold regular meetings with our suppliers and subcontractors to discuss progress, quality and issues (if any) encountered or anticipated in a project.

Employees

The Group regards its employees as one of its most important and valuable assets. We strive to reward and recognise employees who demonstrate outstanding performance by providing a competitive remuneration package, appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

We also place great importance in establishing a safe and healthy work environment for our employees. To ensure the quality of our services, the Group has established a set of Quality, Safety, Health and Environmental ("**QSHE**") policies and have committed to high safety standard and environmental impact control. We have been continuously accredited with safety certifications such as ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and bizSAFE STAR certifications for our building and construction services, a testament to the systems and procedures that we have in place to deliver high quality services and that con-form to Singapore's EHS regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

1. Customer concentration risk

As at 31 March 2019, our top five customers accounted for over 90% of our total revenue and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect our business, operations and financial results. The Group has not entered into any long-term agreements with our top five customers. There is no assurance that these top five customers will continue to use our services at fees acceptable to our Group. If any of our top five customers were to terminate their business relationship with us entirely, there can be no assurance that we would be engaged by other customers to replace any such loss. In addition, if any of our customers fail to settle our invoice in accordance with the agreed credit terms, our Group's working capital position may be adversely affected. Bad debt provisions or write-offs may also be required for receivables, which will have an adverse effect on our profitability. If there is a change in our customers' creditworthiness, our results of operations would be materially and adversely affected.

2. Non-recurring nature of our projects

Our contracts are awarded on a project basis and our revenue is not recurring in nature. The Group cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. Any failure to do so could materially and adversely affect our financial performance.

3. Difficulties in recruiting and retaining skilled staff and/or foreign workers

There is high labour demand within the infrastructural pipeline and building and construction industry in Singapore and it is increasingly hard to employ skilled and licenced foreign workers due to the tightened policies on the employment of foreign workers and the labour short-age in Singapore. Any changes in the policies of the foreign workers' countries of origin may also affect the supply of foreign workers and cause disruptions to our operations, resulting in a delay for the completion of our projects.

In addition, we may also face difficulties in retaining skilled staff and/or foreign workers due to unforeseen fluctuations in labour costs. We may need to take into consideration such salary trends when recruiting or retaining skilled local talents and/or foreign workers as we would want to offer more competitive remuneration packages in order to attract higher skilled labour which may result in increased operating expenses thereby affecting our financial performance.

SHARE CAPITAL

As at 31 March 2019, 920,000,000 shares of the Company were in issue. Details of the movement in share capital during the Year are set out in Note 24 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated statement of changes in equity on page 78 and Note 25 to the Consolidated Financial Statements respectively.

As at 31 March 2019, no reserve was available for distribution to the owners of the Company.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2019 are set out in Note 27 to the Consolidated Financial Statements.

DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend to shareholders of the Company for the Year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the period from 27 March 2019, the Listing Date, to 31 March 2019. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares from 27 March 2019 to 31 March 2019.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 16 to the Consolidated Financial Statements.

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to approximately S$39,600 (2018: S$15,000).

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company (as defined below), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 31 to 43 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Friday, 20 September 2019 and the notice convening such meeting will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 September 2019 to Friday, 20 September 2019 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. Monday, 16 September 2019.

MAJOR CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers, sub-contractors and customers are as follows:

Purchases

— the largest supplier	5.7%
— five largest suppliers in aggregate	16.8%

Sub-contracting cost

— the largest sub-contractor	2.3%
— five largest sub-contractors in aggregate	6.5%

Sales

— the largest customer	33.6%
— five largest customers in aggregate	92.1%

During the Year, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers or suppliers or sub-contractors.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who held office during the Year were:

Executive Directors

Mr. Michael Shi Guan Wah (Chairman and Chief Executive Officer)
Mr. Shi Guan Lee
Mr. Shi Hong Sheng (Xu Hongsheng)

Independent Non-executive Directors

Mr. Cher Choong Kiak
Mr. Chiam Soon Chian (Zhan Shunquan)
Mr. Choo Chih Chien Benjamin

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing on 27 March 2019, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing on 27 March 2019, which may be terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service contract/letter of appointment.

In accordance with Article 83(3) of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Michael Shi Guan Wah, Mr. Shi Guan Lee, Mr. Shi Hong Sheng (Xu Hongsheng), Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin, being all Directors of the Company, shall retire from office at the AGM to be held on 20 September 2019. All of the retired Directors, being eligible, offer themselves for re-election, at the AGM.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract/letter of appointment which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION ON INDEPENDENCE

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Mainboard Listing Rules. Accordingly, the Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Mainboard Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 11 to 16 of this annual report.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51(2) OF THE MAINBOARD LISTING RULES

The Company is not aware of any change in the Directors' information which is required to be disclosed pursuant to Rule 13.51(2) of the Mainboard Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

EMOLUMENT POLICY

A remuneration committee was set up by the Board to develop the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

The Directors' emoluments are subject to shareholders' approval at annual general meeting of the Company. Other emoluments are determined by the Board with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group.

Details of the Directors' emoluments and five highest paid individuals are set out in Note 10 to the Consolidated Financial Statements of this annual report.

No Director has waived or has agreed to waive any emoluments during the Years.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses as a result of any act or failure to act in carrying out his/her functions.

Such permitted indemnity provision (with the meaning in Section 469 of the Companies Ordinance) is currently in force and was in force during the Year. In addition, the Company has also maintained Directors' and officers' liability insurance since the listing date to 31 March 2019, which provides appropriate cover for the directors and officers of the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for the service contract/letter of appointment with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

NON-COMPETITION UNDERTAKING

Mr. Michael Shi Guan Wah and Astute Prosper Limited (the "**Covenantors**", each a "**Covenantor**") have entered into the deed of non-competition (the "**Deed of Non-competition**") dated 26 February 2019 in favour of our Company, under which each of them has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company that they will not, and will procure any Covenantor and his/its close associates (each a "**Controlled Person**" and collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-competition, shall not include any member of our Group) (the "**Controlled Company**") not to, except through any member of our Group, directly or indirectly (whether on its own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) any business that is similar to or in competition with or is likely to be in competition directly or indirectly with any business carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in any territory that our Group carries on our business from time to time.

The Company has received the confirmation from the Covenantors in respect of their compliance with the terms of Deed of Non-competition for the period from 27 March 2019, the listing date, to 31 March 2019.

The independent non-executive Directors had reviewed and confirmed that the Covenantors/ Controlling Shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms for the period from 27 March 2019, the listing date, to 31 March 2019.

Saved as disclosed above, during the period from 27 March 2019, the Listing Date, to 31 March 2019, none of the directors, the substantial shareholders or the management share-holders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme ("**Share Option Scheme**"), which was approved by written resolutions passed by the then sole Shareholder of the Company on 26 February 2019 and became unconditional on 27 March 2019. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Mainboard Listing Rules.

Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Who may Join

The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group ("**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group ("**Employee**");

(b) a director or proposed director (including an independent non-executive director) of any member of our Group;

(c) a direct or indirect shareholder of any member of our Group;

(d) a supplier of goods or services to any member of our Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and

(g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the "**Eligible Persons**").

Maximum number of Shares	The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 92,000,000 Shares) (the "**Scheme Mandate Limit**").
Maximum entitlement of each participant	No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Company's issued share capital from time to time.
Minimum holding period, vesting and performance target	Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.
Amount payable for Options and offer period	An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 21 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of HK$1.00 per Option by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 21 days after the offer date (the "**Acceptance Date**").

Subscription price	The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.
Life of Share Option Scheme	The Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption to 26 February 2029, after which no further options will be granted or offered.

As at 31 March 2019, there was no option outstanding, granted, cancelled, exercised or lapsed.

Rights to Acquire Shares or Debentures

Apart from the aforesaid Share Option Scheme, at no time during the year ended 31 March 2019 was the Company or any associated corporation a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Mainboard Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, or had exercise any such rights in the Company or any other body corporate.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(i) Long Position in the Ordinary Shares and underlying Shares of the Company Interests in the Company

	Interests in Ordinary shares						
Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Michael Shi Guan Wah *(Note 1)*	—	—	690,000,000	690,000,000	—	690,000,000	75.00%

Note 1: The entire issued share capital of Astute Prosper Limited ("**Astute Prosper**") was legally, beneficially and wholly owned by Mr. Michael Shi Guan Wah ("**Mr. Michael Shi**"). Accordingly, Mr. Michael Shi was deemed to be interested in 690,000,000 shares held by Astute Prosper by virtue of the SFO. Mr. Michael Shi is an executive Director of the Company.

(ii) Interest in Associated Corporation

Name of director	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associated corporation
Mr. Michael Shi	Astute Prosper	Beneficial interest in controlled corporation	1	100%

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2019, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long Position in the Ordinary Shares and underlying Shares of the Company

Name of shareholders	Capacity	No. of shares held	% of the Company's issued voting shares
Astute Prosper	Beneficial owner	690,000,000	75.00%
Ms. Oh Lay Guat	Interest of spouse	690,000,000	75.00%

Ms. Oh Lay Guat is the spouse of Mr. Michael Shi. Therefore, Ms. Oh Lay Guat was deemed to be interested in all the shares held by Mr. Michael Shi pursuant to the SFO.

Save as disclosed above, as at 31 March 2019, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RELATED PARTIES TRANSACTIONS

During the year ended 31 March 2019, details of the related party transactions undertaken in the normal course of business are set out in the Note 31 to the Consolidated Financial Statements, and none of which constitutes a disclosable "connected transaction" or "continuing connected transaction" as defined under Chapter 14A of the Mainboard Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 March 2019, the Company has certain exempted continuing connected transactions which are fully exempted and are not subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Mainboard Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Mainboard Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

AUDITOR

The Consolidated Financial Statements have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditors is to be proposed at the AGM.

By order of the Board
Pipeline Engineering Holdings Limited

Michael Shi Guan Wah
Chairman and Chief Executive Officer

Singapore, 26 June 2019

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the year ended 31 March 2019, except for code provision A.2.1 relating to the role of chairman and chief executive officer. Details of such deviation and explanation are set out on the section headed "Chairman and Chief Executive Officer" below.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. Set out below is detailed discussion of the corporate governance practices adopted and observed by the Company for the year ended 31 March 2019.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising from corporate activities. The insurance coverage will be reviewed on an annual basis.

Board Composition

The Board currently comprises three executive Directors, namely Mr. Michael Shi Guan Wah, Mr. Shi Guan Lee and Mr. Shi Hong Sheng (Xu Hongsheng), and three independent non-executive Directors, namely Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin.

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

The details of the service contract of the Directors are set out in the Report of the Directors of this annual report.

Relationships between the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

Since the Listing Date and up to the date of this annual report, the Board met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Under Rule 3.10A of the Listing Rules, issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. As disclosed in this annual report, the Company has three independent non-executive Directors currently representing more than one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

Under code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Company has adopted a board diversity policy and therefore complied with this code provision. A summary of the board diversity policy is set out under "Board Committees — Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

In regard to the CG Code provision requiring Directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments, as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Induction and Continuous Professional Development

To assist the Directors in the discharge of their duties, each newly appointed Director will be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide all Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended 31 March 2019, all Directors, namely Mr. Michael Shi Guan Wah, Mr. Shi Guan Lee, Mr. Shi Hong Sheng (Xu Hongsheng), Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin, participated in continuous professional development to develop and refresh their knowledge and skills by ways of attending trainings and reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

Chairman and Chief Executive Officer

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organization structure of the Company, Mr. Michael Shi Guan Wah is the Chairman of the Board and the Chief Executive Officer. With extensive experience in the infrastructural pipeline engineering industry, the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing by served by either party on the other, which notice shall not expire until after the fixed term.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall submit himself for election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the articles of association of the Company. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are despatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail including the matters considered by the Board and the committees and the decisions reached, and any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for consideration within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings are open for inspection by Directors.

The Chairman also held a meeting with the independent non-executive Directors without presence of the executive Directors during the year.

Since the Listing Date and up to the date of this annual report, one board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attendance/ Eligible to attend Board Meetings
Mr. Michael Shi Guan Wah	1/1
Mr. Shi Guan Lee	1/1
Mr. Shi Hong Sheng (Xu Hongsheng)	1/1
Mr. Cher Choong Kiak	1/1
Mr. Chiam Soon Chian (Zhan Shunquan)	1/1
Mr. Choo Chih Chien Benjamin	1/1

Model code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all the Directors and each of the Directors has confirmed that he has complied with the Model Code since the Listing Date and up to the date of this annual report.

Since the Listing Date and up to the date of this annual report, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for compliance by its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

(i) to develop, review and implement the Company's policy and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and

(vi) to develop, review and monitor the implementation of the Shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance Shareholders' relationship with the Company.

Since the Listing Date and up to the date of this annual report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEES

Nomination committee

The Nomination Committee consists of three members, namely, Mr. Chiam Soon Chian (Zhan Shunquan), Mr. Michael Shi Guan Wah and Mr. Choo Chih Chien Benjamin. Mr. Choo Chih Chien Benjamin is the chairman of the Nomination Committee, and the majority of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

- to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

- to identify individuals suitably qualified as potential Board members;

- to make recommendations to the Board on the selection of individuals nominated for directorships;

- to assess the independence of independent non-executive Directors; and

- to make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular the Chairman and the chief executive.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

Since the Listing Date and up to the date of this annual report, one meeting of the Nomination Committee was held on and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Choo Chih Chien Benjamin	1/1
Mr. Chiam Soon Chian (Zhan Shunquan)	1/1
Mr. Michael Shi Guan Wah	1/1

The Nomination Committee assessed the independence of independent non-executive Directors and considered the re-appointment of the retiring Directors.

Nomination Policy

The Company adopted a nomination policy (the "**Nomination Policy**"), a summary of this policy is disclosed as below.

1. Purpose

To ensure that Board members have the skills, experiences and diverse perspectives needed by the Company's business.

2. Selection Principle

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(1) The Company's development strategy needs;

(2) Reputation for integrity;

(3) Achievements and experiences in the Company's major business;

(4) Time devotion and the representation of relevant beneficial parties;

(5) Diversity in all its aspects, including but not limited to gender, age (has to be aged 18 or older), cultural and educational background, professional experiences, skills, knowledge and management experiences;

(6) Directorship in other public companies and corporate governance structures of those companies, etc; and

(7) Independence (for independent non-executive Director).

These factors are for references only and excluded to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

3. Nomination Procedure

3.1 The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

3.2 For filling a casual vacancy, the Nomination Committee shall propose candidates for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting of the Company, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

3.3 The nominated candidate(s) shall not assume that he/she has been proposed by the Board to stand for election at the general meeting of the Company until a circular to the Shareholders is issued.

3.4 In order to provide information of the candidate(s) nominated by the Board stand for election at general meeting of the Company, the Company will issue a circular to the Shareholders stating the candidate's name, resume (including qualifications and relevant experiences), proposed remuneration, and other information required in accordance with applicable law, rules and regulation.

3.5 For independent non-executive Director, in addition to the information listed in clause 3.4 above, the followings should also be specified in the Shareholders' circular:

(1) Process used to identify the individual, reason why the Board considers that individual should be elected, and reason why the Board considers that individual is independent;

(2) If the nominated independent non-executive Director will serve as a Director for the seventh (or more) public listed companies, the reason why the Board believes this individual can still devote enough time to fulfil his/her director's responsibilities;

(3) Views and perspectives, skills and experiences that individual can bring to the Board;

(4) How will this individual promote diversity of the Board; and

(5) Other contents that applicable laws, regulations, listing rules and regulatory bodies required.

4. Responsibility

The ultimate responsibility for selecting and appointing Directors is shared by all Directors of the Company.

5. Monitoring and Reviewing

5.1 The Nomination Committee is responsible for reviewing composition of the Board and succession plan of the Board and conduct a review annually.

5.2 The Nomination Committee should regularly monitor and review formal procedures for the Nomination Policy to ensure that the Nomination Policy is tailored to the needs of the Company and reflects current regulatory requirement and good governance practices.

Board Diversity Policy

The Company adopted the board diversity policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board has reviewed such measurable objectives on 26 June 2019 to ensure their appropriateness and ascertain the progress made towards.

The Nomination Committee will review the policy from time to time as appropriate to ensure that the policy is effectively executed. The Nomination Committee will discuss any or necessary amendments and submit to the Board regarding the proposed amendments for their approval.

All members of Directors have made contribution to their respective areas. The Directors have a balanced mix of experiences and industry background, including but not limited to experiences in construction, finance, banking and consulting, and legal industries. The independent non-executive Directors who have different industry backgrounds, represent more than one third of the Board.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Cher Choong Kiak, Mr. Shi Hong Sheng (Xu Hongsheng) and Mr. Chiam Soon Chian (Zhan Shunquan). Mr. Cher Choong Kiak is the Chairman of the Remuneration Committee, and majority of them are independent non-executive Directors.

The primary duties of the Remuneration Committee include making recommendations on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; determining terms of specific remuneration package of Directors and senior management; and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by Directors from time to time. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

Since the Listing Date and up to the date of this annual report, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Cher Choong Kiak	1/1
Mr. Shi Hong Sheng (Xu Hongsheng)	1/1
Mr. Chiam Soon Chian (Zhan Shunquan)	1/1

The Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Details of the remuneration paid to the senior management of the Group by band, whose biographies are set out on pages 15 and 16 of this annual report, for the year are set out below:

Remuneration band (S$'000)	Number of individual
S$0 to S$100	1
S$100 to S$200	2

Audit committee

The Audit Committee currently comprises all the three independent nonexecutive Directors, namely, Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin. Mr. Chiam Soon Chian (Zhan Shunquan) is the chairman of the audit committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

Since the Listing Date and up to the date of this annual report, one meeting of the Audit Committee was held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Chiam Soon Chian (Zhan Shunquan)	1/1
Mr. Cher Choong Kiak	1/1
Mr. Choo Chih Chien Benjamin	1/1

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), internal control and risk management systems and processes and the reappointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2019 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are provided to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 69 to 74 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control systems to safeguard the investments of Shareholders and assets of the Company and reviewing the effectiveness of such systems on an annual basis. Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the year ended 31 March 2019.

The internal audit department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, during the year ended 31 March 2019, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance ("**SFO**").

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors and senior management of the Group.

AUDITOR'S REMUNERATION

Annual audit fees of the Group for the year ended 31 March 2019 payable to the Company's external auditor are approximately S$238,000. The Company incurred approximately S$854,000 in 2019 for services provided by external auditor in connection with the Initial Public Offering of the Company's shares and incurred approximately S$5,000 for non-audit services related to tax consultation.

COMPANY SECRETARY

The Company has engaged Hauzen Services Limited, an external service provider, and Mr. Hwang Hau-zen Basil has been appointed as the Company's company secretary. Hauzen Services Limited's primary contact person at the Company is Mr. Kwok Chung Chieh Lincoln, financial controller of the Company.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the annual general meeting to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship, communicate between the Company and its Shareholders and maintains a website at www.pipeline-engineering-holdings.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder's meetings, including the election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Procedures for Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must state clearly the name of the requisitionists, their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and signed by the requisitionists.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at Suite 3708, Tower Two Lippo Centre, 89 Queensway, Admiralty, Hong Kong (email address: admin@hscpe.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year ended 31 March 2019, there is no significant change in constitutional documents of the Company.

REPORTING SCOPE

Pipeline Engineering Holdings Limited ("**Pipeline Eng**" or the "**Group**") is pleased to present the Environmental, Social and Governance ("**ESG**") Report, which describes the initiatives of the Group with regard to ESG issues for the year ended 31 March 2019.

We have adopted the Environmental, Social and Governance Reporting Guide in Appendix 27 and those as set out in Hong Kong Exchanges and Clearing Limited ("**HKEX**")'s mainboard listing rule 13.91 for our inaugural ESG report for the financial year ended 31 March 2019. This report includes activities organised by the Group for the period from 1 April 2018 to 31 March 2019, and covers ESG factors of its core businesses in Singapore that are deemed material by the Pipeline Eng Board. We have not sought eternal assurance for this report.

BOARD STATEMENT

The Board has overall responsibility for Pipeline Eng's ESG strategy and reporting. The Board is also responsible for evaluating and determining the issuer's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Board has collectively confirmed the effectiveness of these systems.

REPORTING PROCESS

The Group has established an ESG Task Force, comprising members from senior management and risk management team, maintaining oversight in the ESG efforts of work teams across different departments including project, contract, finance and human resource. The ESG Task Force reviews the Group's ESG objectives, challenges, targets and progress to ensure their alignment with the Group's strategic direction, and supervises the implementation and tracking of sustainability data and progress of various work teams. The Board oversees the process to engage stakeholders, identify material topics, and approves the ESG material factors identified by the Task Force.

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback regarding our businesses and ESG aspects. In order to understand and address their key concerns, we have maintained close communication with our key stakeholders, including but not limited to shareholders and investors, customers and business partners, employees, suppliers and subcontractors, as well as media, non-governmental organisations ("**NGOs**") and the public. We take stakeholders' expectations into consideration in formulating our businesses and ESG strategies by utilising diversified engagement methods and communication channels, shown as below:

Stakeholders	Communication Channel
Shareholders and investors	— Annual General Meeting (AGM) and other shareholder meeting — Annual Reports and Interim Reports — Announcements and Circulars — Company website
Customers and business partners	— Customer Satisfaction Survey — Progress Meetings
Employees	— Trainings, Seminars, and Briefing Sessions — Performance Reviews — Intranet
Suppliers and subcontractors	— Supplier Management Meetings and Events — Supplier Audit
Media, NGOs, and the public	— ESG Report

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and Key Performance Indicators ("KPIs")

The Group primarily acts as main contractor specialising in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries in Singapore.

To enhance our environmental governance practices and mitigate the environmental impact caused by our operations, we have implemented ISO14001:2015 Environmental Management System ("**EMS**"). In addition, we have adopted the Quality, Safety, Health and Environmental ("**QSHE**") Policy in accordance with relevant Singapore standards related to safety and health management system and other standards, code of practice or guidance issued or approved by the Workplace Safety and Health Council. The EHS policy is signed by the top management and made available on site for use. It is reviewed at intervals of at least once a year or when there are changes of operations that require other sources and personnel management and other statutory audits.

We have established a Quality, Safety, Health and Environmental Committee ("**QSHE Committee**") which is chaired by a Director and is composed of management representatives including project manager, Workplace Safety and Health ("**WSH**") manager and HR executive. The committee meets on a monthly basis and is responsible for setting objectives and monitoring performance. They are responsible to control any failure to meet the Group's QSHE Policy.

Also, we are committed to raising our employees' environmental awareness and complying with relevant environmental laws and regulations. Related in-house training is conducted to various stakeholders in raising their awareness on the ISO 14001 EMS, including but not limited to department heads, section supervisors, management staff, local and foreign workers, suppliers, and contractors.

We have established waste segregation system into three major types, namely, paper, plastic, and metals. Containers marked with "Paper", "Plastic" and "Cans" are being positioned at designated locations within the factory premises. Employees are advised to place the appropriate domestic wastes into the specified containers.

In the long run, we will continue to regularly enhance our environmental management strategies in monitoring and minimising the environmental impacts brought by our business.

The Group did not have significant violation of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes during the Year, including but not limited to, "Environmental Protection and Management Act", "Environmental Public Health Act", and "Environmental Public Health (General Waste Collection) Regulations" that have a significant impact on us.

As a main contractor, the Group realises the potential environmental impacts from GHG emissions, domestic waste water and non-hazardous wastes. We focus on nurturing and strengthening our employees' awareness of environmental protection in their daily work processes, and actively implement the Group's environmental protection measures, with the aim to lower the GHG emissions and reduce non-hazardous wastes generation.

Air Emissions

Due to our business nature, the Group considers the relevant air emission generated is insignificant. However, we still pay attention to the relevant air emission generated at construction sites. We strive to mitigate the exhaust gas and dusts generated from our production process as much as possible.

Exhaust Gas Emission

Our major sources of exhaust gas emission are combustion of diesel and petrol from vehicles and construction machinery. We have set up a monitoring system for diesel consumption on site to track the amount of diesel consumed. Causes of unexpected high amount of diesel consumption will be examined. Other measures to mitigate exhaust gas emission for vehicles and construction machinery are mentioned in the following section on "GHG Emissions".

Dust

We have a section on "Site Dust Control" in our QSHE Management Programme. To cater dust problems at sites, we have implemented the followings:

— Concreted or paved areas for site access to reduce generation of airborne dust;

— Provide water sprays to dampen dust generated during works; and

— Covered and secured all loads on vehicles before leaving the site.

GHG Emissions

The principal GHG emissions of the Group are generated from the petrol and diesel consumption of vehicles (Scope1) and purchased electricity (Scope 2).

We have adopted the following measures to mitigate the direct GHG emissions from petrol and diesel consumption in our operations:

— Switched off engine whenever the vehicle is idled;

— Purchased Euro VI Emission Petrol and Diesel Vehicles;

— Examined and obtained certification for the vehicles under Section 90 of the "Road Traffic Act" on the prescribed statutory requirements; and

— Provided maintenance service to the vehicles on a regular basis to ensure engine performance to ensure efficient use of fuel.

Consumption of electricity is accounted as the most significant source of indirect GHG emission. The Group has implemented measures as stated in "Energy Efficiency" of Aspect A2 below in order to reduce energy consumption, and thereby minimising carbon footprint.

Through these GHG emissions mitigating measures, the employees' awareness on GHG emissions mitigation has been enhanced.

The summary of GHG emissions performances:

Indicator	Total emissions (calculated in tCO_2e)	Intensity (tCO_2e/ employee)[2]
Direct GHG emissions (Scope 1) — Diesel and petrol consumption	1,764.91	5.84
Indirect GHG emissions (Scope 2) — Electricity consumption	—	—
Total GHG emissions (Scope 1 and Scope 2)	1,764.91	5.84

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Business Council for Sustainable Development, the latest released Singapore's Grid Emission Factor, "How to prepare an ESG Report?-Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).

2. As at 31 March 2019, the Group had 302 full-time employees in total. The data is also used for calculating other intensity data.

Sewage Discharge

We do not consume significant volume of water through our business activities, and therefore our business activities did not generate material portion of discharge into water. We have procedures for water discharge at sites to prevent water pollution. Realising the potential of underground water pollution from leaching, drip trays are placed under generator sets to prevent any seepage, dripping or spillage of diesel to the ground or drain.

Waste Management

Hazardous Waste Handling Method

Despite the Group did not generate material hazardous wastes during the Year, we have established guidelines in governing the management and disposal of hazardous wastes. In case there is any hazardous wastes produced, chemical wastes are temporarily stored in dedicated location with appropriate hazard labels. We must engage a qualified chemical waste collector to handle such waste, which is complied with the relevant environmental regulations and rules.

Non-hazardous Waste Handling Method

The Group's wastes mainly come from construction sites and office, including non-hazardous wastes such as construction waste, wood and paper. With the aim of minimising the environmental impacts from non-hazardous wastes generated from our business operations, the group has implemented measures in waste management and launched different reduction initiatives.

For wastes generated at sites, we implement separate refuse management systems for organic and construction wastes at our Project work site. Industrial wastes are brought back to our HQ for disposal by the appropriate certified disposal vendor.

To promote waste separation at source, disposal bins for different types of waste streams are made readily available. We set up procedure for reduction of construction waste and office waste by implementing arrangement of recycling of office waste management.

We have implemented the following procedures to encourage employees to share responsibilities in waste management and minimise waste generations:

— Used double sided printing or photocopying wherever possible;

— Utilised electronic media for communication;

— Digitalisation of site documents;

— Recycled one-sided printed paper; and

— Avoided single-use disposable items.

We also inculcate good practice among staff, including sub-contractors, to segregation of paper packaging for disposal into recycling bin(s) to designated refuse collecting point(s).

Our staff's awareness on waste management have been raised through the above measures.

The summary of major non-hazardous wastes discharge performance:

Category of Waste	**Total discharge** *(tonnes)*	**Intensity** *(tonnes/ employee)*
General wastes	65.5	0.217
Paper	1.32	0.0043

A2. Use of Resources

General Disclosure and KPIs

The Group strives to optimise resource usage in our business operations and take initiatives to introduce measures on promoting resource efficiency and adopting eco-friendly approaches in our operations. During our operations, fuel, electricity and water are frequently consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials. We have also encouraged our subcontractors to adopt similar principles.

We have a "Green and Gracious Policy Statement", listing out ways that we are committed in protecting the Earth, taking care of the environment and being gracious to our employees and neighbours. Commitments include but not limited to preventing pollution, promoting resource efficiency, reducing waste generation, and training personnel on green and gracious practices. We strive to improve our green and gracious performances on all our project sites so as to create a gracious and green workplace or our staff and workers as well as to maintain a conducive, clean and safe living environment for our neighbours.

Energy Efficiency

The Group aims to minimise environmental impacts in our operations by identifying and adopting appropriate measures in our operations. Related policies and initiatives on energy conservation have been developed to show our concern on energy efficiency. All employees are notified to implement such policies and measures on resource utilisation. Regular review is conducted on our energy objectives and targets to seek continuous improvement in the Group's energy performance.

Monthly monitoring of the usage of electricity, water and other materials is implemented. We have set up a monitoring system for electricity consumption in our HQ of not exceeding 56 kilowatt per worker. Unexpected high electricity consumption will be investigated to find out the root cause and preventive measures will be taken.

During the Year, the Group has performed the following measures relating to promote energy efficiency:

— Switched off unnecessary lightings and electrical appliances when not in use; and

— Purchase and use of LED lightings and energy efficient office equipment.

As a result, the employees' awareness of energy conservation has been increased through these energy saving measures.

During the Year, the energy consumption of the Group and its intensity were as follows:

Type of energy	**Energy Consumption** *(kWh)*	**Intensity** *(kWh/employee)*
Diesel[4]	7,181,527.38	0.217
Petrol	1.32	0.0043

Notes:

4. Conversion is in reference to the conversion provided on U.S Energy information Administration Energy Conversion Calculators, actual diesel consumption was 675,176 litres.

Water Consumption

Water consumption of the Group is mainly for HQ cleaning and sanitation. We have set up procedures for water conservation measures. Also, we have a monitoring system for water consumption in our HQ.

We encourage all employees to develop the habit of water conservation. We have been strengthening our water-saving promotion, posting water saving reminders, and guiding employees to use water reasonably. The following are some measures we have implemented to increase water efficiency:

— Utilised recycled water for vehicle washing, cleaning of drains and dirty boot;

— Use of water recycling equipment that are of chemical type or membrane type; and

— Use of water efficient fittings and rainwater collected from water tanks for toilet flushing, vehicles and compound area washing related activities.

Due to our business nature, we do not have issues in sourcing water that is fit for purpose.

During the Year, the water consumption of the Group and its intensity were as follows:

Water consumption

Water Consumption *(m^3)*	**Intensity** *(m^3/employee)*
13,811	45.73

Use of Packaging Material

Due to our business nature, the Group do not consume significant amounts of package materials for product packaging as it has not industrial production or any factory facilities.

A3. The Environment and Natural Resources

General Disclosure and KPIs

Realising the core business of the Group have potential impacts on the environment and natural resources, as an ongoing commitment to corporate social responsibility, we strive to minimise negative environmental impacts of our business operations. Due to our business nature, we recognise the potential negative environmental impacts like noise pollution. To mitigate the disturbance to the community and environment, we included a section on "Site Noise Control" in our QSHE Management Programme. We are also devoted to achieve sustainable development for generating long-term values to the community and our stakeholders.

To mitigate our potential environmental impacts, we spend efforts in reducing consumption of natural resources and promoting effective environmental management. We regularly assess the environmental risks of our businesses, adopt preventive measures to reduce potential risks and ensure compliance with relevant laws and regulations.

Environmentally Friendly Construction Methods

We strive for environmental protection and gracious practices during construction phase of projects. The concept of sustainability is embedded in our procurement and working processes. We recommend and use environmentally friendly or green label products on site. To raise the awareness of staff at the sites, environmental posters are displayed at our various notice boards.

Realising the potential environmental and health problems may arise from our construction sites due to pests, we adopt proactive vector control measures at site by deployment of in-house team, carrying out regular oiling besides the engagement of Pest Control service.

Our efforts in building a safe, high quality, sustainable and friendly built environment is recognised by the Building and Construction Authority ("**BCA**"), and we obtained the BCA Green and Gracious Builder Award in 2018.

Noise Control

Realising the potential noise pollution from our construction sites, we have a section on "Site Noise Control" in our QSHE Management Programme. We have implemented the following measures to control noise emissions at sites:

— Installed noise barriers at areas of concern to reduce noise transmission;

— Installed noise monitoring meter(s) both on and off site to monitor where it is reasonable and practicable.

B. SOCIAL

B1. Employment

General Disclosure

Human resources are the foundation for the Group continuous development. Hence, we have established relevant employment policies to adopt people-oriented management strategy and realising the full potential of employees. Relevant employment policies are formally documented as Employee Handbook, covering recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunities, etc. We review these policies and our employment practices periodically to ensure the continuous improvements of our employment standards.

Recruitment and Remuneration

We adopt robust, transparent and fair treatment processes based on merit selection against the job criteria applied. Recruitment of individuals are based on their suitability for the position and potential to fulfil the Group's current and future needs. We ensure our employees and applicants are treated and evaluated in a fair way.

Our basis for remuneration is job-related skills, qualifications and performances. The Group will conduct annual performance review and annual salary review in order to determine salary adjustments and promotion appraisals. We compensate employees through the provision of Work Injury Compensation Insurance, which covers employees who sustain personal injury by accident or disease arising out of the course during employment. Remuneration packages include variable bonus, annual leave, outpatient medical consultation, and discretionary bonuses, etc.

Working Hours and Rest Periods

The Group has formulated policies in determining the working hours and rest periods for employees in accordance with local employment laws. Apart from the basic leaves such as annual leaves, employees are also entitled to additional leaves, such as maternity leave, childcare leave, marriage leave, and compassionate leave as long as such leave periods are granted in accordance with the relevant employment laws, and leaves are in accordance with the provision of the "Employment Act".

Diversity, Equal Opportunities and Anti-discrimination

A diverse and skilled workforce is crucial for our business. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. We are dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. We also strive to ensure that complaints, grievances and concerns, including whistle-blowing, are dealt with promptly and confidentially. We have zero tolerance on sexual harassment or abuse in the workplace in any form.

The Group is committed to providing and maintaining a safe and healthy working environment for the benefit of our employees, subcontractors, and suppliers. We have established a QSHE Management System Operation Procedure which sets out clear terms for project management approaches and commitments to health and safety. We review the policy annually, or when incidents arising that determine a need to review, to ensure it remains relevant and appropriate to the Group.

The Group is also certified with bizSafe Star Level, which is accredited by the Workplace Safety and Health Council in Singapore. We will continue to invest sufficient resources and devote efforts to maintain and enhance safety management so as to reduce the risks involved in health and safety.

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to "Workplace Safety and Health Act", that would have a significant impact on the Group.

B2. Health and Safety

Quality, Safety, Health and Environmental

The Group has implemented the QSHE Policy, which was written in accordance to relevant Singapore standards relating to safety and health management system and other standards. The policy includes main-contractor and subcontractor responsibilities, and the management's commitments to safety and health. The policy also states the requirement of sub-contractor to provide sufficient and appropriate resources at the site. The QSHE Policy is reviewed at intervals of at least once a year, or when there is a change of operations that requires other sources and personnel management, and after statutory audits.

Workplace Safety and Health ("WSH") Management Programmes

The Group has established various occupational health programmes which aim to protect workers from health hazards relevant to the construction industry such as noise, dust, toxic gasses and vapours. Such programmes include Hearing Conservation Programme, Respiratory Protection Programme, Hand Protection Programme, Personal Eye Protection Programme, etc.

B3. Development and Training

Safety trainings and Inspections

We conduct regular safety inspections to ensure our operations are conducted in a manner so as to reduce the risks to employees and workers. Safety inspections are conducted by different levels of management, and follow-up actions will be conducted immediately when deemed necessary.

We emphasise to our employees that strict compliance with safety requirements is vital to ensure that there are no accidents to themselves or others that work on our projects. We also require our subcontractors to abide by all applicable laws, regulations and safety requirements imposed by the relevant government authorities.

Mass Tool Box Meetings and/or Weekly Tool Box Meetings are regularly conducted to train all workers on the relevant health hazards, safe work practice and proper use of personal protective equipment. The worksite management also implement Safety and Health Management System ("**SHMS**") promotional programmes to educate the workers on health hazards and the corresponding control measures.

We believed that our employees are important assets to the Group. All employees at the sites should attend WSH Orientation or induction courses organised by the Group on occupational safety and environmental control. The WSH Orientation or Induction Courses syllabus shall be reviewed once a year and if necessary revised based on workplace, industry or regulatory changes.

OUR PEOPLE

To underscore our care and commitment towards our employees, the Group adopts a holistic Human Resource ("**HR**") strategy focused on fair remuneration and equal opportunities, training and development, employee wellness and engagement, and work-life harmony.

We are fully committed to comply with all applicable labour laws where we operate and ensure compliance through on-going monitoring. We also ensure that we comply with all mandatory legal regulations and training requirements stipulated by BCA and MOM.

Fair Employment Opportunities

The Group currently has a headcount of over 290 employees. We provide fair employment opportunities to all, regardless of age, gender, race or nationality. Our Group advocates a policy of harnessing diversity in human resource as evidenced by a fair distribution of employees from varied nationalities and age groups to support our key pipeline infrastructural markets in Singapore. We have 162 new hires in Singapore in FY2019.

Number of Employees

Nationalities	**FY2019** ***Proportion (%)***	FY2018 *Proportion (%)*
Indian	**79.6**	76.9
Chinese	**1.3**	0.5
Bangladeshi	**0.3**	0.5
Singaporean	**12.0**	17.3
Malaysian	**4.3**	3.2
Burmese	**1.7**	1.6
Indonesian	**0.4**	0.0
Vietnamese	**0.4**	0.0
Total	**100.0**	100.0

We maintain a policy of employee diversity through providing employment opportunities to young and older workers beyond the official retirement age of 62. As at 31 March 2019, we have 4 senior staff of age 62 and above.

Age profile of employees	**FY2019** ***Proportion (%)***	FY2018 *Proportion (%)*
30 Years and below	**60.2**	49.5
31 to 50 Years	**31.1**	38.7
51 to 61 Years	**7.4**	9.1
62 Years and above	**1.3**	2.7
Total	**100.0**	100.0

In terms of employee skills profile, we have maintained a fair proportion of professional and management team to lead and drive the business growth in our three business segments (Gas, water and cable installation).

PMET classification for staff	**FY2019 Proportion (%)**	FY2018 Proportion (%)
Senior Management	**2.0**	3.2
Middle Management (Managers & Professional)	**2.0**	2.7
Executive	**14.7**	16.1
Workers	**81.3**	78.0
Total	**100.0**	100.0

Years of Service	**FY2019 Proportion (%)**	FY2018 Proportion (%)
5 years and below	**82.0**	66.7
6 to 9 years	**10.0**	19.4
10 to 20 years	**5.7**	9.1
Above 20 years	**2.3**	4.8
Total	**100.0**	100.0

We advocate gender diversity and equal opportunities in our organisation. However, given the nature of our business is in the underground infrastructure construction, it is inevitable that over 90% of our employees are male whilst the female employees are mainly engaged in project management and support functions at all levels.

Employee turnover rate

The follow table shows the employee turnover rate by age group and gender:

	Employee Turnover Rate (ETR)*(Note 1)*	
	FY 2019 (%)	FY 2018 (%)
By age group		
30 years and below	**16.9**	32.0
31 to 50 years	**19.0**	31.3
51 to 61 years	**51.3**	0.0
62 years and above	**66.7**	0.0
By gender		
Male	**21.8**	29.9
Female	**13.8**	0.0
Overall employee turnover rate	**21.3**	28.1

Note 1:

ETR is calculated based on the total number of employees who resigned during the year divided by the average number of active employees at the beginning and ending of the year.

Training and Development

We are committed to investing in the training and further education of our employees as demonstrated by the fact that we have managed to significantly improve our total training hours by 95.4% and average training hours per employee increased by 95.2% in FY2019.

Training & Education	FY2019	FY2018
Number of training hours by employee category		
Senior and middle management	**170**	148
Executives	**298**	384
Workers	**9,443**	4,540
Total	**9,911**	5,072
Average training hours per employee	**32.8**	16.8

TARGETS & PERFORMANCE

We strive for excellence to raise our investments and standards for our human capital. We are systematically reviewing and setting the key performance metrics for our human resource management system.

Sustainability Issues	Objective	Targets	Policy
Fair Remuneration			
Compensation & Benefits	To provide fair and competitive remuneration and staff benefits which meets the Company's goals of attracting and retaining good talents.	To achieve fair and competitive remuneration packages for staff which commensurate with their work experience and skillset.	We strive to achieve fair, non-discriminatory and competitive remuneration packages for staff which commensurate with their work experience and skillset.
Diversity and Equal Opportunities			
Recruitment	To embrace open recruitment approach to attract the best talent to serve the Group.	To effectively recruit good employees with the right profile and required skillsets for the Group.	We embrace an open recruitment policy to uphold the principle of fairness and meritocracy in our recruitment and selection process.

Sustainability Issues	Objective	Targets	Policy
Diversity		To achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce.	We strive to achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce.
Training & Development			
Training	To recommend training programmes which will upgrade and enhance the technical skillsets and professional competences of our employees in order for them to excel in their current position.	To support our employees to upgrade and enhance their professional competences and technical skillset to meet the required scope of work.	(1) We are committed to training and encouraging skills upgrading for our employees. (2) We provide training to our employees to upgrade and enhance their professional competencies and technical skillset to meet the required scope of work via third party training service providers.
Employee Development	To implement training programmes which will upgrade and enhance the individual skillsets.	To support our employees to upgrade and enhance their individual skillsets and interpersonal competences.	We provide training to our employees to upgrade and enhance their individual skillsets and interpersonal competences.
Talent Performance Management			
Recruitment & Workforce Planning	To attract and recruit good talents which can meet the need of the Company's workforce planning.	To recruit effectively good talents who can contribute to the talent mix.	We aim to recruit employees who possess the professional skillset and interpersonal skills that meet our workforce planning.

B4. Labour Standards

General Disclosure

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and does not provide employment to children before they reach the legal age to work as defined by the International Labour Organisation ("**ILO**") Convention and Ministry of Manpower ("**MOM**") in Singapore. No employee will be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work.

Personal data will be collected during the recruitment process to assist in the selection of suitable candidates. The Human Resource Department will also ensure the compliance at all operations and facilities by checking original identification cards upon recruitment. If violation is involved, it will be dealt with in the light of circumstances.

During the Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the "Employment Act" that would have a significant impact on the Group.

B5. Supply Chain Management

General Disclosure

The Group highly values our relationship with suppliers and subcontractors, and regards them as important business partners. All suppliers and subcontractors are evaluated, and subjected to regular monitoring and assessment. The Group has formulated related policies and procedures to manage its suppliers, and the policies and procedures are reviewed annually.

Vendor Management Practices

The Group has established a vendor performance assessment and monitoring system to provide the Purchasing Department with a structured and systematic way to assess suppliers and sub-contractors. Supplier and sub-contractor evaluation is based on product quality, ability in meeting contractual requirements, previous project references and delivery capability. The system also helps to ensure the delivery of maximum value and service quality for the Group's purchase with the input from users and purchasing staff.

Suppliers and sub-contractors assessment will be conducted periodically, and the results of the evaluations, both positive and those needing improvement will be promptly shared with the vendors. Suppliers who consistently fail to meet the Group's requirement may be subjected to suspension for future supply.

Environmental and Social Responsibilities of Suppliers

Supplier's environmental and social risk management is one of our considerations in the Supplier Initial Assessment Report. We assess our suppliers' certified management systems such as ISO 9000, ISO/TS 16949, ISO 14000, OHSAS 18000, ISO 22000, ISO/IEC 17025 and etc. in the evaluation processes. Other factors such as quality, environmental, occupational health and safety problems are also included in our assessment processes.

Fair and Open Tendering

The Group has formulated a tendering manual to ensure vendors in the market could engage in fair competition during the tendering processes. The Group prohibits the differentiation or discrimination on certain vendors; and it strictly monitors and prevents all kinds of business bribery. Employees or personnel having any interest relationship with the vendors should not be involved in the related business activity.

The follow table shows the number of suppliers and subcontractors sourced in various geographical regions:

	FY2019		FY2018	
Country	**No. of suppliers**	**No. of subcontractors**	No. of suppliers	No. of subcontractors
Singapore	**117**	**15**	106	13
Malaysia	**2**	**—**	1	2
China	**1**	**—**	—	—

B6. Product Responsibility

General Disclosure

Achieving and maintaining high quality standard for projects are important for sustainable growth of the Group. We believe completing works that meet or exceed our customer's requirement is critical not only for pipeline engineering construction safety, but also expanding job references and future business opportunities. In order to ensure the delivery of high-quality services and sustainable projects to our clients, projects are monitored and inspected regularly by different levels of management.

During the Year, we were not aware of any incidents of non-compliance with laws and regulations, including but not limited to the "Personal Data Protection Act", that have a significant impact on the Group, concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Quality Control of Projects

In order to ensure service quality is being maintained, the Group have implemented the Quality Policy, complied with international standards, and is certified with ISO 9001 Quality Management. We are dedicated to deliver quality products and services which satisfy the needs and requirements of our customers and interested parties by continually improving the effectiveness of the Quality Management System.

To ensure our services meet the expectations of the clients, we conduct site visits and generate a Site Visit Report. We look into environmental aspects like type of soil, disposal of water and soil; services including water, electricity, telecommunication, main drainage and sewerage; and other aspects like hoarding requirement, parking or loading and unloading, overhead obstruction, and traffic restriction.

Responsibilities of Project Manager are clearly specified in the policy on Quality Procedure — Customer Communication.

Project Manager are responsible for attending to customer's request on site, determine and quantify customer's requirements, arranging with Site Supervisor to resolve any operational issues, and liaising with client to inspect and/or verify the finished product prior to delivery.

Customer Privacy Protection

The Group respects the values and rights of customers' information assets, and strictly complies with the customers' information security management systems and standards. In order to provide high-quality services, we are determined to strengthen the protection of customers' privacy. The Group adheres to the "Personal Data Protection Act" of Singapore. We have also implemented firewall, anti-virus, and anti-spam solutions for our IT systems to prevent leakage of confidential information, which are upgraded constantly.

Customer Services

The Group formulated policies and procedures on Customer Focus. Industrial information, customer feedback, product information request, customer enquiries, customer complaints and competitors' action are gathered for determination and review of customer's requirements. This information will then be used for service or product generation, review will be carried out to ensure customer satisfaction. If customers are not satisfied with the service or product, further studies and review will be conducted.

We have also established a set of procedures in handling customers' feedbacks or complaints in a professional manner. When receiving product or service-related enquiries or complaints, reviews will be conducted immediately. After complaints are settled, customers' satisfaction will be evaluated.

We have a Customer Visit Report for customers to provide feedback for our services. Customers evaluate our performances on quality of our services, response to instructions, progress of work delivery, quality of workmanship, site planning and control, public inconvenience, and performance during defect liability period. Other recommendation and comments from the clients are also recorded.

Advertising and Labelling

As the Group's operational process does not involve advertising and labelling practices, the information relating to advertising and labelling is considered as non-material to the Group.

B7. Anti-corruption

General Disclosure

The Group has zero toleration on any corruptions, frauds and all other behaviours violating work ethics. We value and uphold integrity, honesty and fairness in the way we conduct businesses. The Group has formulated related policies on the control and prevention of bribery, extortion, fraud and money laundering between shareholders and related parties in each business operation and trade activity.

During the Year, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the "Prevention of Corruption Act".

Anti-corruption

The Group has zero toleration on any corruptions, frauds and all other behaviours violating work ethics. We value and uphold integrity, honesty and fairness in the way we conduct businesses. As spell out in our Employee Handbook, employees should declare potential conflict of interest to their Supervisor or Human Resources Department and abide by the Code of Ethics for our employees. Basic standards of expected conducts for all employees are clearly set out in the Anti-Fraud, Anti-Money Laundering Policy. The definition of "Fraud", "Money laundering", "Terrorism Financing" and "Employees" are clearly stated in the above policy. Such policy will be reviewed at least bi-annually and revised as needed. The Director is responsible for the administration, revision, interpretation and application of this policy.

Anti-fraud

All employees should be alert for occurrences of fraud, and be aware that unusual transactions or behaviours could be indications of fraud. Employees will be subjected to disciplinary actions if they are found being engaged in fraudulent activities. Disciplinary actions include termination of an individual, or prosecution to the appropriate law enforcement and/or regulatory agencies for independent investigation, depending on the situation.

Anti-money Laundering

An assessment of the risk of money laundering in the Group's operations will be conducted by the Managing Director annually. Due diligence will be conducted by the responsible departments before the acceptance of business counterparties. For any indicators of suspicious activities, the Financial Controller will report to the Audit Committee immediately.

Whistle-blowing Mechanism

In order to further maintain and achieve the highest standards of openness, probity and accountability, the Group has formulated a Reporting Procedure. While management is responsible for detecting irregularities, employees are also encouraged to report fraudulent activity immediately to the Head of Department, or where that is not possible, to the Director when they discover or suspect such activity.

An Investigative Procedure is also implemented for the coordination for investigations. The Director will be in charge of coordinating all investigations, and he or she will seek to ensure the investigators have free and unrestricted access to all company records and premises, whether owned or rented. Investigators will have the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

We will endeavour to protect an individual's identity when he or she raises an issue and does not want their identity to be disclosed. It should be understood, however, that an investigation of any malpractice may need to identify the source of the information and a statement by the individual may be required as part of the evidence. All details of the investigation must be kept confidential throughout so as to avoid any mistaken accusations and to prevent alerting the suspected individual. All details and results of the investigation will only be shared with individuals on a need-to-know basis.

B8. Community Investment

General Disclosure

The Group believes that returning to the society through social participation and contribution is a form of showing corporate citizenship. We also see the potential to nurture corporate culture and inspire our employees towards social concerns in daily work life. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

Community Participation

We participate in various community activities to help the disadvantaged in the society via donations. During the Year, the Group has donated a total of S$10,000 to National University of Singapore Society and S$15,000 to the SP Group Charity Golf.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect A1: Emissions	General Disclosure	Page 45
	Information on:	
	(a) The policies; and	
	(b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	
	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 46 and 47
	Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.	
	Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.	
	Hazardous wastes are those defined by national regulations.	Page 47
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Page 47
KPI A1.2 ("comply or explain")	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 47

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable, as explained in Page 47
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 48
KPI A1.5 ("comply or explain")	Description of measures to mitigate emissions and results achieved.	Page 47
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Pages 47 and 48
Aspect A2: Use of resources ("comply or explain")	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Page 49
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 50
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Page 50
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Page 49
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Page 50
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 50

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 51
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 51
Aspect B1: Employment	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 52
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 54 and 55
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Page 55
Aspect B2: Health and Safety	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to providing a safe working environment and protecting employees from occupational hazards.	Page 53
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 53

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	Page 56
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 56
Aspect B4: Labour Standards	General disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to preventing child and forced labour.	Page 58
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 58
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Page 58
KPI B5.1	Number of suppliers by geographical region.	Page 59
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Pages 59 and 60
Aspect B6: Product Responsibility	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 59
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as there is no such occurrence
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Not applicable as there is no such occurrence
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable as the Group had not registered any trademarks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
KPI B6.4	Description of quality assurance process and recall procedures.	Page 59
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 60
Aspect B7: Anti-corruption	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to bribery, extortion, fraud and money laundering.	Page 61
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not applicable as there is no such occurrence
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Page 62
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 62
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Page 62

Note:

Pipeline Eng takes a phased approach for our ESG reporting and the adoption of ESG reporting KPIs. We will review the relevance of each KPIs to our operations annually.

To the Shareholders of Pipeline Engineering Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Pipeline Engineering Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 75 to 132, which comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

Key audit matter identified in our audit is revenue recognition from construction contracts.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from construction contracts	
Refer to Note 2.19 for the Group's accounting policies on revenue recognition and Note 6 for the analysis of revenue of the Group for the year ended 31 March 2019. The Group's revenue from construction contracts is recognised over the period of the contract. For the year ended 31 March 2019, the revenue recognised from construction contracts amounted to S$30,211,000. The revenue was recognised using the 5-step approach under IFRS 15 by identifying the contract with customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations in the contract; and recognising revenue as the entity satisfies a performance obligation over time.	We performed the following procedures in relation to management's estimates of transaction price and contract costs in respect of the revenue recognition: a. We obtained an understanding of, evaluated and tested, on a sample basis, the relevant controls in place over preparation of and revisions to the estimated transaction price and total costs for the construction contracts and the recording of actual costs incurred for each contract; b. We selected, on a sample basis, construction contracts to test whether the management had made appropriate judgement in identifying the contract and performance obligations, and determining the transaction price considering the variable consideration; c. We selected, on a sample basis, construction contracts to assess the appropriateness of the significant cost components, based on our understanding on the nature of each project and the components that make up the total estimated construction cost for each project, referencing to actual costs incurred on completed contracts of a similar nature. We also checked supporting documents such as quotations and contracts with suppliers for the estimated cost;

Key Audit Matter	How our audit addressed the Key Audit Matter

Revenue recognition from construction contracts (Continued)

At the inception of the contract, management determines the transaction price taking into account the variable consideration based on the contract terms. As the contract progresses, management regularly reviews and revises the estimates of transaction price and total contract costs if circumstances change, such as variations in contract work and claims. The changes in estimated transaction price and/or total estimated contract costs result in adjustments to the extent of progress towards completion and revenue recognised in the period when the circumstances that give rise to the revision becomes known by management.

We identified the recognition of revenue from construction contracts as a key audit matter as it involves significant estimations and judgement by management on the estimation of transaction price and total contract costs.

d. We tested the actual costs incurred, such as material and subcontractors costs, on a sample basis, to underlying documents, such as the suppliers' invoices and timesheet summary for labour costs, and also checked the calculation of allocation of overheads, such as labour costs and depreciation, to each contract. We also tested subsequent payments made after year end and unpaid invoices in respect of the projects to assess whether management appropriately accounted for the actual costs incurred up to year end.

Based on our work, we found the judgement and estimates adopted by management in determining the estimation of transaction price and total contract costs are supported by available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Wai Bong Benson.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019** **S$'000**	2018 S$'000
Revenue from contracts with customers	6	**30,211**	23,419
Cost of sales	9	**(22,435)**	(16,021)
Gross profit		**7,776**	7,398
Other income	7	**600**	495
Other losses, net	8	**(35)**	(218)
Administrative expenses	9	**(6,530)**	(2,283)
Finance costs	11	**(51)**	(36)
Fair value loss on investment properties	18	**—**	(75)
Profit before income tax		**1,760**	5,281
Income tax expense	12	**(1,076)**	(783)
Profit and total comprehensive income for the year attributable to owners of the Company		**684**	4,498
Earnings per share for profit attributable to owners of the Company during the year (expressed in Singapore cents per share)			
Basic and diluted	13	**0.10**	0.65

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 S$'000	2018 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	9,651	8,348
Intangible asset	17	77	—
Investment properties	18	1,020	3,475
Contract assets	21	—	31
		10,748	11,854
Current assets			
Inventories		—	205
Trade and other receivables	20	1,989	4,835
Contract assets	21	17,166	6,183
Fixed deposit	22(b)	100	—
Cash and cash equivalents	22(a)	19,843	6,153
		39,098	17,376
Total assets		49,846	29,230
EQUITY AND LIABILITIES			
Equity			
Share capital	24	1,589	1,500
Share premium	25	17,138	—
Merger reserve	25	1,500	—
Retained profits	25	15,408	14,724
		35,635	16,224
Current liabilities			
Trade, other payables and accruals	26	5,943	2,275
Contract liabilities	21	2,196	1,168
Amounts due to directors	31(b)	—	753
Finance lease liabilities	28	1,093	26
Bank borrowings	27	2,101	98
Dividends payable	14	—	6,000
Current income tax liabilities		909	1,389
		12,242	11,709

As at 31 March 2019

	Note	2019 S$'000	2018 S$'000
Non-current liabilities			
Deferred income tax	23	1,144	802
Finance lease liabilities	28	432	—
Bank borrowings	27	393	495
		1,969	1,297
Total liabilities		14,211	13,006
Total equity and liabilities		49,846	29,230

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 75 to 132 were approved by the Board of Directors on 26 June 2019 and were signed on its behalf.

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Note	Share capital S$'000 (Note 24)	Share premium S$'000 (Note 25)	Merger reserve S$'000 (Note 25)	Retained earnings S$'000 (Note 25)	Total equity S$'000
As at 1 April 2017		1,500	—	—	16,226	17,726
Profit and total comprehensive income for the year		—	—	—	4,498	4,498
Transactions with owners in their capacity as owners:						
Dividends declared	*14*	—	—	—	(6,000)	(6,000)
As at 31 March 2018		1,500	—	—	14,724	16,224
As at 1 April 2018		1,500	—	—	14,724	16,224
Profit and total comprehensive income for the year		—	—	—	684	684
Transactions with owners in their capacity as owners:						
Elimination of share capital pursuant to the Reorganisation		(1,500)	—	1,500	—	—
Shares issued pursuant to the capitalisation		1,192	(1,192)	—	—	—
Shares issued pursuant to the Listing		397	21,449	—	—	21,846
Listing expenses charged to share premium		—	(3,119)	—	—	(3,119)
Transactions with owners, recognised directly in equity		89	17,138	1,500	—	18,727
As at 31 March 2019		1,589	17,138	1,500	15,408	35,635

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 S$'000	2018 S$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	29(a)	(78)	3,385
Income tax paid		(1,214)	(576)
Interest received		—	20
Net cash (used in)/generated from operating activities		(1,292)	2,829
Cash flows from investing activities			
Purchase of property, plant and equipment	29(b)	(725)	(571)
Purchase of intangible asset		(112)	—
Addition in fixed deposit		(100)	—
Proceeds from disposal of investment properties		2,455	—
Proceeds from disposal of property, plant and equipment	29(b)	78	12
Net cash generated from/(used in) investing activities		1,596	(559)
Cash flows from financing activities			
Listing expenses directly attributable to issue of shares		(2,737)	—
Proceeds from issue of new shares		21,846	—
Repayment of finance lease liabilities	29(c)	(820)	(1,334)
Drawdown of bank borrowings	29(c)	2,000	—
Repayments of bank borrowings	29(c)	(99)	(95)
Repayment on amounts due to directors	29(c)	(753)	(222)
Interest paid	29(c)	(51)	(36)
Dividends paid	29(c)	(6,000)	—
Net cash generated from/(used in) financing activities		13,386	(1,687)
Net increase in cash and cash equivalents		13,690	583
Cash and cash equivalents at beginning of the year		6,153	5,570
Cash and cash equivalents at end of the year	22(a)	19,843	6,153

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 General information, reorganisation and basis of presentation

1.1 General information

Pipeline Engineering Holdings Limited ("**the Company**") was incorporated on 17 July 2018 in the Cayman Islands as an exempted Company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board**") on 27 March 2019.

The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services (the "**Listing Businesses**"). The principal place of business in Singapore of the Group is 36 Sungei Kadut Avenue, Singapore 729661. The consolidated financial statements are presented in Singapore dollars ("**S$**"), unless otherwise stated.

The consolidated financial statements have been approved by the Board of Directors on 26 June 2019.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the principal activities were carried out by HSC Pipeline Engineering Pte Ltd ("**HSC Pipeline**" or "**Operating Company**"), a company incorporated in Singapore. HSC Pipeline is controlled by Mr. Michael Shi Guan Wah (the "**Controlling Shareholder**").

In preparation for listing of the Company's shares on the Main Board, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

(i) On 10 May 2018, Ms. Oh Lay Guat, "Ms. Oh" transferred one share of HSC Pipeline, representing all her shareholding interest in HSC Pipeline to the Controlling Shareholder for S$1.

(ii) On 17 July 2018, the Company, which act as the holding company of the companies comprising the Group, was incorporated as an exempted company in the Cayman Islands. As at the date of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one nil-paid share was allotted and issued to the initial subscriber and subsequently transferred to Astute Prosper Holding Limited ("**APL**", a company incorporated in the British Virgin Islands ("**BVI**") with limited liability on 11 April 2018, which is wholly-owned by the Controlling Shareholder) on the same date. On 13 August 2018 and 22 August 2018, the Company passed a special resolution to change its name from "APL" to "Pipeline Technologies Holdings Limited", and from "Pipeline Technologies Holdings Limited" to "Pipeline Engineering Holdings Limited", respectively.

1 General information, reorganisation and basis of presentation (Continued)

1.2 Reorganisation (Continued)

(iii) On 10 July 2018, Integral Virtue Limited ("**Integral Virtue**") was incorporated in the BVI with limited liability, and on the same date, Integral Virtue was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On 1 August 2018, one share of Integral Virtue was allotted and issued to the Company for the consideration of US$1.00.

(iv) On 14 February 2019, the Controlling Shareholder and the Company entered into a sale and purchase agreement, pursuant to which, the Controlling Shareholder transferred his entire shareholding interest in HSC Pipeline to the Company's nominee, Integral Virtue. The consideration is settled by the Company allotting and issuing 99 shares in the share capital to APL credited as fully paid at the direction of the Controlling Shareholder and crediting the initial Share held by APL as fully paid.

After the completion of the reorganisation steps as described above, the Company became the holding company of HSC Pipeline and the subsidiaries now comprising the Group.

1.3 Basis of presentation

Immediately before and after the Reorganisation, the Company and its subsidiaries were controlled by Mr. Michael Shi Guan Wah as the controlling shareholder. The transactions as described in Note 1.2 above are merely a reorganisation of the Listing Business with no change in management and the controlling shareholder of the Listing Business remains the same. Accordingly, the consolidated financial statements of the Company and the Listing Business have been presented using the historical carrying values of the assets and liabilities of the Listing Business as if the current group structure had been in existence since 1 April 2017.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

All new standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 April 2018, are consistently applied to the Group throughout the financial year including:

(i) IFRS 9

IFRS 9, "Financial instruments", addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("**ECL**") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost, a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL where the simplified approach is adopted. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The Group has already early adopted IFRS 9 in previous financial year beginning 1 April 2015.

The Group has the following financial assets subject to the expected credit loss impairment model under IFRS 9:

- trade receivables and contract assets recognised under IFRS 15;
- other receivables at amortised cost.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime credit loss provision for trade and other receivables and contract assets. To measure the expected credit losses, trade and other receivables and contract assets have been grouped based on shared credit risk, characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data. The Group assessed the expected credit loss rate to be negligible based on the historical loss rates for all categories of customers and adjusted for forward-looking macroeconomic data. Thus, the implementation of IFRS 9 is not expected to result in any significant impact on the amounts reported in respect of the Group's financial performance and position.

The details of accounting policies for financial instruments under the IFRS 9 is as disclosed in Note 2.9.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(ii) IFRS 15

IFRS 15, "Revenue from contracts with customers", establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue and IAS 11 Construction Contracts and the related Interpretations on revenue recognition. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements. The Group has already early adopted IFRS 15 in previous financial year beginning 1 April 2015.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The details of accounting policies for revenue recognition under the IFRS 15 is as disclosed in Note 2.19.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The following are standards and amendments to existing standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2019, but have not been early adopted by the Group.

		Effective for accounting periods beginning on or after	*Note*
Amendment to IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements 2015–2017 Cycle	1 April 2019	
IFRS 16	Leases	1 April 2019	*i*
IFRIC-Int 23	Uncertainty over Income Tax Treatments	1 April 2019	
Amendment to IAS 28	Investment in Associates and Joint Ventures	1 April 2019	
Amendment to IAS 19	Plan Amendment, Curtailment or Settlement	1 April 2019	
Amendment to IFRS 3	Definition of business	1 April 2020	
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 April 2020	
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Date to be determined by the IASB	

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards when they become effective. Management is in the process of assessing the impact of these new standards, amendments and interpretations to existing standards and set out below are the expected impact on the Group's financial performance and position.

Note i:

IFRS 16 "Leases" — The Group is a lessee of its various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.21.

IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statements of financial position. Instead, all long-term leases must be recognised in the consolidated statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Note i: (Continued)

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated statements of financial position. In the consolidated statements of profit or loss and other comprehensive income, lease will be recognised in the future as depreciation and will no longer be recorded as rental expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to be applied by the Group until the financial year ending 31 March 2020. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Given that the total non-cancellable operating lease commitments account for less than 3% of the total liabilities of the Group as at 31 March 2019, the Directors of the Company do not expect that the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial position. The Group also anticipates that the net impact (as a result of the combination of the interest expense arising from the lease liabilities and the amortisation of the right-to-use assets as compared to the rental expenses under existing standard) on the Group's financial performance will not be material. The Group has disclosed its non-cancellable operating lease commitments in Note 30(c).

As at 31 March 2019, the Group has aggregate minimum lease payments, which are not reflected in the consolidated statements of financial position, under non-cancellable operating lease of S$317,000 as set out in Note 30(c). Of these commitments, approximately S$1,000 relate to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

The Group expects to recognise right-of-use assets and lease liabilities of approximately S$1,179,000 on 1 April 2019. Net current assets will be S$801,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will decrease by approximately S$121,000 for 2019 as a result of adopting IFRS 16. Operating cash flows will increase and financing cash flows decrease by approximately S$923,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information. The Group intends to apply the practical expedient under this modified approach and not to reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. The Group also intends to adopt the practical expedient of not to apply the requirement of IFRS 16 to short-term leases (i.e. where lease term is 12 months or less) and to leases of low-value assets (including assets with a value of US$5,000 or less when new), in which case the rental expenses would continue to be recognised on a systematic basis over the lease terms.

Except as disclosed above, the Group is in the process of assessing potential impact of the other new standards and amendments to standards that is relevant to the Group upon initial application. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

2 Summary of significant accounting policies (Continued)

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("**functional currency**"). The consolidated financial statements is presented in S$, which is functional and presentation currency of the Group and the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within "Other losses, net".

2 Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies

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

(i) assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;

(ii) income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2.5 Intangible assets

Acquired computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to consolidated statement of profit or loss and other comprehensive income using the straight-line method over their estimated useful lives of 3 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at the end of each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Freehold land is not depreciated. Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold improvements	5 years
Leasehold properties	9 years
Plant and machinery	5 to 10 years
Furniture and office equipment	3 to 10 years
Motor vehicles	3 to 10 years

No depreciation is provided for construction-in-progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other losses, net" in the consolidated statement of profit or loss and other comprehensive income.

2.7 Investment properties

Investment properties include leasehold buildings that are held for long term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment properties is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

2 Summary of significant accounting policies (Continued)

2.7 Investment properties (Continued)

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or inception of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the financial year.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

— the asset is held within a business model whose objective is to collect the contractual cash flows;

— the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group classifies its financial assets at amortised cost.

See Note 19 for details about categories of financial assets at amortised cost.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

2 Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

(c) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applies either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime expected credit losses.

(d) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value cost is determined using the weighted average method, the cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes bank borrowing costs, net realisable value is the estimated selling price, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2 Summary of significant accounting policies (Continued)

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade, other payables and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade, other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade, other payables and accruals are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement profit or loss and other comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial year period.

2.16 Borrowings costs

Borrowing costs include interest expense and finance charges in respect of finance lease. They are recognised in consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the taxation authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the financial year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (Continued)

2.17 Current and deferred income tax (Continued)

(c) *Investment tax credit*

The Group accounts for investment tax credits (for example, productivity and innovative credit (PIC)) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Employee benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlements*

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

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised are described below.

2 Summary of significant accounting policies (Continued)

2.19 Revenue recognition (Continued)

(a) Revenue from construction contract

The Group is a main contractor specialising in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries in Singapore. A contract with a customer is classified by the Group as a construction contract when the contract relates to work on assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

The Group has primary responsible to fulfilment of the contract due to the integration of construction works that the Group assumes primary responsibility for the quality management and completion, and has discretion in selecting subcontractors and discretion of the pricing for subcontractor.

The Group has to identify the performance obligations in contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. Generally, an infrastructural pipeline construction contract will provide a significant integration services including purchase of materials, arrangement of subcontractor and labour for the provision of construction services and the good and services within the contract will be highly dependent on or highly integrated with other goods or services. As such, different elements of a construction contract are accounted as a single performance obligation. The Group treated all of the construction contracts as a single performance obligation as the construction works are not capable of being distinct.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that the there is no significant financing component in construction contracts as the payment schedule commensurates closely to Group's performance. Therefore, transaction price is not adjusted for any financing component. Under IFRS 15, revenue is recognised when, or as, performance obligations are satisfied through transfer of control of goods or services to a customer. A performance obligation is satisfied over time when at least one of the following three criteria is met: (1) The customer receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (3) the Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group recognises the revenue over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group recognised the revenue from the contract progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

2 Summary of significant accounting policies (Continued)

2.19 Revenue recognition (Continued)

(a) *Revenue from construction contract* (Continued)

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in estimating contract transaction prices, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties, or liquidated damages and modification of contracts are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse. The Group undertakes continuing reassessment for variable considerations.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

There is generally no material cost of obtaining contracts of the Group.

A contract asset is recognised when the amount of revenue recognised is more than the amount received but without unconditional right to receive payment (receivable). Contract assets are assessed for expected credit losses (ECL) model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. The Group recognises contract liabilities when the Group received consideration arising from initial deposit, progress and final payment were received or has right to receive such payments before the Group transfers a good or service to the customer. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention receivables are settled in accordance with the terms of the respective contracts. Retention receivables are classified as contract assets when the portion is related to the uncompleted contracts. All the retention receivables during the financial year are related to the uncompleted contracts.

(b) *Other income*

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the terms of the leases.

2 Summary of significant accounting policies (Continued)

2.20 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.21 Leases

Where the Group is lessee

(a) Finance leases

Leases of assets in which the Group assumes substantially the risks and rewards of ownership, including hire purchase contracts, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in bank borrowings. The interest element of the finance cost is taken to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on remaining balance of the liability for each year.

(b) Operating leases

Leases of assets in which a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Payment made under operating leases are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2 Summary of significant accounting policies (Continued)

2.21 Leases (Continued)

Where the Group is lessor

Operating leases:

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's finance statements in the year in which dividends are approved by the Company's shareholders or directors, where appropriate.

2.23 Government grants

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

Government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2.24 Contingent liabilities

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(b) A present obligation that arises from past events but is not recognised because:

  (i) It is not probably that an outflow of resources embodying economic benefit will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the balance sheet of the Group.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

(a) Market risk

(i) Foreign currency risk

The Group operates in Singapore with majority of the transactions settled in S$ and proceeds from issuance from issue of equity shares are denominated in Hong Kong Dollar ("**HK$**"). Management considers that the Group is exposed to foreign exchange risk, primarily HK$. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the functional currency of the relevant group entity.

Management closely monitors foreign currency exchange exposure and will take measures to minimise the currency translation risk. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

Sensitivity

The Group is primarily exposed to changes in HK$/S$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from HK$/S$ denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

	Impact on post tax profit	
	2019	2018
	S$'000	*S$'000*
S$ against HK$ strengthened by 2%	**(297)**	—
S$ against HK$ weakened by 2%	**297**	—

(ii) Interest rate risk

The Group has no significant interest-bearing assets except for cash at bank and fixed deposit, which earn interest income. The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates.

If interest rates on bank borrowings had been 100 basis points fluctuated with all other variables held constant, the Group's post-tax profit for the year ended 31 March 2019 would have been affected by S$21,000 (2018: S$6,000).

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refer to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at banks, trade and other receivables and fixed deposits. For trade receivables, the Group adopts policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counter-parties.

Majority of bank balances and fixed deposits are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Therefore, these balances are not impaired.

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of the Group. The Group has assessed that there are no credit risk arising from its other receivables.

The Group adopted general approach for expected credit loss of other receivables. The Group consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only considered 12-month expected credit losses. Considering the history of default and forward looking factor, the expected credit loss is immaterial.

For trade receivables, the Group is exposed to concentration of credit risk as at 31 March 2019 from the Group's top five customers accounted for 92% (2018: 96%) of the total trade receivables balance, respectively. The major customers of the Group are reputable organisations which comprise mainly (i) gas, water, telecommunications and power utility companies in the private sector; and (ii) Singapore government agencies such as those governing water utility and catchment in the public sector. Management considers that the credit risk is limited in this regard.

The Group uses IFRS 9 simplified approach for measuring the expected credit losses, which use a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the invoice date.

The expected loss rates are based on the corresponding historical credit losses experienced in the prior year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it renders services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

According to above mentioned consideration, the Group does not expect any significant default possibility and loss allowance of trade receivables are immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 12 months past due.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment losses on trade receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The aging analysis of trade receivables is disclosed in Note 20 for this consolidated financial statements.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents which are generated from internal operations, funding from the group companies and having adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand S$'000	Less than 1 year S$'000	1–5 years S$'000	More than 5 years S$'000	Total S$'000
As at 31 March 2019					
Finance lease liabilities	—	1,123	435	—	1,558
Bank borrowings	2,000	113	413	—	2,526
Trade, other payables and accruals (excluding goods and services tax payables, advances received from customers and accrual for employee benefit expenses)	—	5,113	—	—	5,113
	2,000	6,349	848	—	9,197
As at 31 March 2018					
Finance lease liabilities	—	26	—	—	26
Bank borrowings	—	113	451	78	642
Trade, other payables and accruals (excluding goods and services tax payables, advances received from customers and accrual for employee benefit expenses)	—	1,870	—	—	1,870
Dividends payable	—	6,000	—	—	6,000
Amounts due to directors	—	753	—	—	753
	—	8,762	451	78	9,291

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Capital risk

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank borrowings, amounts due to directors and finance lease liabilities. The Group manages its gearing ratio by regularly monitoring its current and expected liquidity requirement and adjusting its the capital structure to reflect the change in economic conditions affecting the Group.

The gearing ratios as at 31 March 2019 and 2018 were as follows:

	2019	2018
	S$'000	*S$'000*
Finance lease liabilities	**1,525**	26
Bank borrowings	**2,494**	593
Amounts due to directors	**—**	753
Total debt	**4,019**	1,372
Total equity	**35,635**	16,224
Gearing ratio	**11.3%**	8.5%

A subsidiary of the Company has borrowing that is subject to covenant relating to a loan of a loan-to-value ratio below 80% and to maintain a net worth of at least S$2.74 million. The loan-to-borrowing ratio refers to the ratio of loan amount over the market value of an investment property. Net worth is defined as the sum of the subsidiary's paid-up capital and retained profits.

A subsidiary of the Company is also subject to an additional covenant to maintain a consolidated net worth of not less than S$10 million due to new loan drawdown during the financial year ended 31 March 2019. Net worth is defined as the aggregate of the Group's paid-up capital, revenue reserves/retained earnings, capital reserves and non-trade owing to related companies/directors/shareholders less non-trade owing from related companies/directors/shareholders.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Capital risk (Continued)

The directors of the Company confirmed that they had neither experienced any difficulties in obtaining or repaying the loan, nor breached any major covenant in this regard.

(e) Fair value estimation

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's current financial assets, including trade and other receivables, cash and bank balances, fixed deposits and; current financial liabilities, including trade payables, other payables and accruals and bank borrowings, approximate their fair values as at the reporting date due to their short term maturities. The carrying value of non-current financial assets and liabilities approximate its fair value as at the reporting date.

The Group's non-financial assets measured at fair value, including investment properties, are included in level 3 as there are significant unobservable inputs in the valuation technique.

Fair value measurements of investment properties under Level 3 fair value hierarchy

Investment properties are carried at fair values at the end of reporting date as determined by independent professional valuers. Valuations are made at each financial statements date based on the properties' highest-and-best-use using the Direct Comparison Method that considers sales of similar properties that have been transacted in the open market. The most significant input into this valuation approach is selling price per square metre. The valuation report and fair value changes are reviewed by the directors at each reporting date.

The fair value estimation process and technique of investment properties are disclosed in Note 18.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition from construction contracts

The Group recognise revenue based on the estimated stage of completion of the contracts according to the contract costs incurred to date compared to the estimated total cost for the contract. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise subcontractor cost, material cost and labour cost are estimated by the management on the basis of quotations from time to time provided by the major subcontractors and suppliers and the historical experience on similar projects.

The Group reviews and revises the estimates of both contract revenue and costs for each construction contract as the contract progresses. Significant judgement is used to estimate total contract costs to complete. The actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

5 Segment information

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. As the Group has only one operating segment that qualifies as reporting segment under IFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented.

The executive directors assess the performance based on a measure of profit after income tax, and consider all business is included in a single operating segment.

Revenue reported in Note 6 below represented transactions with third parties and are reported to the executive directors in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore and all the revenue are derived from external customers in Singapore for the years ended 31 March 2019 and 2018, respectively. Accordingly, no analysis by geographical basis for the financial year period is presented.

5 Segment information (Continued)

For the year ended 31 March 2019, there was three customers, which individually contributed over 10% of the Group's total revenue (2018: two). During the years ended 31 March 2019 and 2018, the revenue contributed from each of these customers was as follows:

	2019 *S$'000*	2018 *S$'000*
Customer A	**10,132**	13,337
Customer B	**9,521**	7,047
Customer C	**4,672**	—

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors to assess the performance of the business.

6 Revenue from contracts with customers

	2019 *S$'000*	2018 *S$'000*
Contract revenue relating to:		
Gas	**10,132**	13,337
Water	**13,793**	9,066
Cable	**6,286**	1,016
	30,211	23,419
Timing of revenue recognition:		
Over time	**30,211**	23,419

The following table shows unsatisfied performance obligations resulting from contracts and when the Group expects to recognise as revenue:

	2019 *S$'000*	2018 *S$'000*
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied:		
Within 1 year after financial year	**24,582**	15,609
Between 1 to 2 years after financial year	**6,025**	4,245
More than 2 years after financial year	**602**	754
	31,209	20,608

7 Other income

	2019 S$'000	2018 S$'000
Rental income	61	185
Interest income	—	20
Government grants	131	153
Insurance claims	21	60
Sundry income	100	—
Others	287	77
	600	495

8 Other losses, net

	2019 S$'000	2018 S$'000
Losses/(gains) on disposal of property, plant and equipment	16	(12)
Write off of property, plant and equipment	11	226
Foreign exchange losses	8	4
	35	218

9 Expenses by nature

	2019 S$'000	2018 S$'000
Material costs	6,276	4,094
Subcontractor costs	4,029	2,527
Transportation costs	560	305
Auditor's remuneration		
— Audit services	238	15
— Non-audit services	5	—
Entertainment expenses	23	23
Rental expenses	649	232
Depreciation of property, plant and equipment *(Note 16)*	1,913	1,823
Amortisation of intangible asset *(Note 17)*	35	—
Professional fees	165	10
Vehicle-related expenses	822	533
Repair and maintenance expenses	607	844
Employee benefit costs *(Note 10)*	8,247	6,617
Listing expenses	3,805	—
Other expenses	1,591	1,281
Total cost of sales and administrative expenses	28,965	18,304
Represented by:		
Cost of sales	22,435	16,021
Administrative expenses	6,530	2,283
	28,965	18,304

10 Employee benefit costs — including directors' emoluments

	2019 S$'000	2018 S$'000
Wages, salaries and allowances	7,913	6,310
Defined contribution plans	334	307
	8,247	6,617

Employee benefits expenses have been included in consolidated statement of profit or loss and other comprehensive income as follows:

	2019 S$'000	2018 S$'000
Cost of sales	7,110	5,447
Administrative expenses	1,137	1,170
	8,247	6,617

10 Employee benefit costs — including directors' emoluments (Continued)

(a) Benefits and interest of directors

(i) Directors' emoluments

The remuneration of every director for the year ended 31 March 2019 and 2018 are set out below:

	Fees *S$'000*	Salaries, allowances and benefits in kind *S$'000*	Employer's contribution to defined contribution plans *S$'000*	Discretionary bonuses *S$'000*	Total *S$'000*
For the year ended 31 March 2019					
Executive directors					
Mr. Michael Shi Guan Wah *(Chairman & CEO)* *(Note (i))*	—	126	11	11	148
Mr. Shi Guan Lee *(Note (i))*	—	106	15	18	139
Mr. Shi Hong Sheng *(Note (i))*	—	71	14	12	97
Independent non-executive directors					
Mr. Cher Choong Kiak *(Note (ii))*	—	—	—	—	—
Mr. Chiam Soon Chian (Zhan Shunquan) *(Note (ii))*	—	—	—	—	—
Mr. Choo Chih Chien Benjamin *(Note (ii))*	—	—	—	—	—
	—	303	40	41	384

	Fees *S$'000*	Salaries, allowances and benefits in kind *S$'000*	Employer's contribution to defined contribution plans *S$'000*	Discretionary bonuses *S$'000*	Total *S$'000*
For the year ended 31 March 2018					
Executive directors					
Mr. Michael Shi Guan Wah *(Chairman & CEO)* *(Note (i))*	—	126	11	11	148
Mr. Shi Guan Lee *(Note (i))*	—	104	17	70	191
Mr. Shi Hong Sheng *(Note (i))*	—	53	14	30	97
	—	283	42	111	436

Notes:

(i) Mr. Michael Shi Guan Wah, Mr. Shi Guan Lee and Mr. Shi Hong Sheng were appointed as a Director in July 2018 and re-designated as executive directors of the Company in August 2018.

(ii) Mr. Cher Choong Kiak, Mr. Chiam Soon Chian and Mr. Choo Chih Chien Benjamin were appointed as independent non-executive directors of the Company on 26 February 2019.

10 Employee benefit costs — including directors' emoluments (Continued)

(a) Benefits and interest of directors (Continued)

(i) Directors' emoluments (Continued)

There was no arrangement under which a director has waived or agreed to waive any emolument during the years.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Company or Operating Subsidiaries and no directors waived or agreed to waive any emolument during each of the years ended 31 March 2019 and 31 March 2018.

(ii) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 March 2019 (2018: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 March 2019 (2018: Nil).

(iii) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 March 2019 (2018: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 31(b), there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 March 2019 (2018: Nil).

(v) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in the Note 31(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2019 (2018: Nil).

10 Employee benefit costs — including directors' emoluments (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three directors respectively, whose emoluments were reflected in the analysis presented in Note 10(a) during the year ended 31 March 2019 (2018: three). The emoluments paid/payable to the remaining include two individuals (2018: two) are as follows:

	2019 S$'000	2018 S$'000
Wages, salaries and allowances	230	207
Bonuses	32	131
Defined contribution plans	30	35
	292	373

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument band		
HK$0 to HK$1,000,000	2	—
HK$1,000,001 to HK$1,500,000	—	2

No directors or any of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or compensation for loss of office.

11 Finance costs

	2019 S$'000	2018 S$'000
Hire purchase	37	18
Bank borrowings	14	18
	51	36

12 Income tax expense

Tax has been provided at the applicable Singapore statutory corporate tax rate of 17% on the estimated assessable profit during the financial year. No overseas profit tax has been provided as the Company and certain subsidiaries are incorporated in the Cayman Islands and the BVI respectively, and are exempted from tax (2018: Nil).

The amount of income tax expense charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2019 ***S$'000***	2018 *S$'000*
Tax expense attributable to profit is made up of:		
— Current income tax	**734**	810
— Deferred income tax *(Note 23)*	**342**	(27)
Income tax expense	**1,076**	783

The tax on the Group's profit before tax differs from the theoretical amount as follows:

	Note	**2019** ***S$'000***	2018 *S$'000*
Profit before tax		**1,760**	5,281
Tax calculated at rate of 17%		**299**	898
Tax effect of:			
— expenses not deductible for tax purposes		**824**	—
— income not subject to tax		**—**	(72)
Tax incentive	*(i)*	**(11)**	(7)
Partial tax exemption	*(ii)*	**(26)**	(26)
Tax rebates	*(iii)*	**(10)**	(10)
Income tax expense		**1,076**	783

Notes:

(i) Tax incentives relate to tax deductible deduction on Approved Donations which allows entities to claim 2.5 times tax deduction on the approved donations.

(ii) Partial tax exemption relates to tax exemption of 75% the first S$100,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income during the financial year.

(iii) Tax rebates relate to tax reduction to tax payable capped S$10,000 for financial year ended 2018 and 2019 for each Singapore incorporated entity.

13 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Profit attributable to owners of the Company *(S$'000)*	**684**	4,498
Weighted average number of ordinary shares in issue *(thousands)*	**693,151**	690,000
Basic earnings per share *(Singapore cents)*	**0.10**	0.65

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares has been determined on the assumption that the Reorganisation and capitalisation Issue as described in Note 1.2 and 24 had been effective from 1 April 2017.

The calculation of the basic earnings per share is based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue. The number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2019 and 2018 based on the assumption that 690,000,000 ordinary shares of the Company are in issue and issuable, as if the Reorganisation was effective on 1 April 2017.

(b) Diluted

For the years ended 31 March 2019 and 2018, diluted earnings per share equals basic earnings per share as there was no dilutive potential shares.

14 Dividends

	2019 ***S$'000***	2018 *S$'000*
Ordinary dividends		
2018 interim dividend declared of S$4.00 per share to the then owners	**—**	6,000

Dividends during the year ended 31 March 2018 represented dividends declared by the subsidiary of the Group, HSC Pipeline, to the then owners of the subsidiary for the year ended 31 March 2018, after eliminating intra-group dividends. The dividends has been paid off during the year ended 31 March 2019.

The directors have resolved not to declare any dividend for the year ended 31 March 2019.

15 Subsidiaries

Details of the principal subsidiaries of the Company as at 31 March 2019 are as follows:

Name of subsidiaries	Place and date of incorporation	Particulars of issued share capital	Equity interest attributable to the Group	Principal activities
Directly held by the Company				
Integral Virtue Limited ("**IVL**")	BVI, 10 July 2018	1 share of US$1 each	100%	Investment holding
Indirectly held by the Company				
HSC Pipeline	Singapore, 13 January 1993	1,500,000 shares of S$1 each	100%	Infrastructural pipeline construction and related engineering services

16 Property, plant and equipment

	Leasehold improvements S$'000	Leasehold properties S$'000	Plant and machinery S$'000	Furniture and office equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost						
As at 1 April 2017	393	4,631	10,233	232	4,700	20,189
Additions	—	—	111	26	434	571
Written off	—	—	(692)	(12)	(537)	(1,241)
Disposals	—	—	(1)	—	(214)	(215)
As at 31 March 2018	393	4,631	9,651	246	4,383	19,304
Accumulated depreciation and impairment losses						
As at 1 April 2017	393	3,088	4,073	155	2,654	10,363
Depreciation for the year *(Note 9)*	—	515	919	30	359	1,823
Written off	—	—	(537)	(11)	(467)	(1,015)
Disposals	—	—	(1)	—	(214)	(215)
As at 31 March 2018	393	3,603	4,454	174	2,332	10,956
Net book value						
As at 31 March 2018	—	1,028	5,197	72	2,051	8,348
Cost						
As at 1 April 2018	393	4,631	9,651	246	4,383	19,304
Additions	—	—	1,105	34	2,182	3,321
Written off	—	—	(15)	—	—	(15)
Disposals	—	—	—	(44)	(189)	(233)
As at 31 March 2019	393	4,631	10,741	236	6,376	22,377
Accumulated depreciation and impairment losses						
As at 1 April 2018	393	3,603	4,454	174	2,332	10,956
Depreciation for the year *(Note 9)*	—	515	922	33	443	1,913
Written off	—	—	(4)	—	—	(4)
Disposals	—	—	—	(44)	(95)	(139)
As at 31 March 2019	393	4,118	5,372	163	2,680	12,726
Net book value						
As at 31 March 2019	—	513	5,369	73	3,696	9,651

16 Property, plant and equipment (Continued)

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of profit or loss and other comprehensive income as follow:

	2019 S$'000	2018 S$'000
Cost of sales	1,355	1,269
Administrative expenses	558	554
	1,913	1,823

Included within additions in the consolidated financial statements are plant and machinery and motor vehicles acquired under finance leases are as follows:

	2019 S$'000	2018 S$'000
Plant and machinery	630	—
Motor vehicles	1,689	—
	2,319	—

The carrying amounts of plant and machinery and motor vehicles held under finance leases are as follows:

	2019 S$'000	2018 S$'000
At net book value		
Plant and machinery	693	—
Motor vehicles	1,742	300
	2,435	300

17 Intangible asset

Computer software

	S$'000
Cost	
As at 1 April 2018	—
Additions	112
As at 31 March 2019	112
Accumulated amortisation	
As at 1 April 2018	—
Amortisation for the year *(Note 9)*	35
As at 31 March 2019	35
Net book value	
As at 31 March 2019	77

18 Investment properties

	2019 **S$'000**	2018 S$'000
At fair value		
Beginning of the year	**3,475**	3,550
Fair value loss on investment properties	**—**	(75)
Disposal of investment properties	**(2,455)**	—
At end of the year	**1,020**	3,475

The following amounts are recognised in consolidated statement of profit or loss and other comprehensive income:

	2019 **S$'000**	2018 S$'000
Rental income	**61**	185
Direct operating expenses from investment properties that generated rental income	**(28)**	(35)
	33	150

18 Investment properties (Continued)

The following table analyses the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable.

The fair value loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

	2019 S$'000	2018 S$'000
Recurring fair value measurements:		
Investment properties	1,020	3,475

There was no transfer between level 1, 2 and 3 during the financial year.

Valuation processes

The Group's investment properties were valued at respective transfer dates and at 31 March 2019 and 2018 by Jones Lang LaSalle Property Consultants Pte Ltd, an independent and qualified professional valuer not connected to the Group. The valuer holds a recognised relevant professional qualification and has recent experience in valuing similar properties in similar locations and categories of the investment properties being valued.

Valuation technique

Valuations are based on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession. The valuation technique is based on direct comparison with recent transactions of comparable properties. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size. In estimating the fair value of all of the Group's investment properties, the highest and best use of these properties is their current use. There was no change in valuation technique during the financial year.

18 Investment properties (Continued)

Valuation technique (Continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 March 2019 *(S$'000)*	Valuation technique	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment property	1,020	Direct comparison approach	Unit rate	S$5,100 per square meter	The higher the unit rate, the higher the fair value

Description	Fair value at 31 March 2018 *(S$'000)*	Valuation technique	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,475	Direct comparison approach	Unit rate	S$1,867–S$5,100 per square meter	The higher the unit rate, the higher the fair value

At each reporting year end, the Group assesses property valuation movements when compared to prior year valuation report.

Direct comparison approach is based on direct comparison with recent transitions of comparable properties located within the same development subject to appropriate adjustments including but not limited to location, size, condition of buildings and other relevant factors.

The investment properties comprises:

Description	Area sq. meters	Tenure	2019 S$'000	2018 S$'000
Investment Property A	200	60-year	**1,020**	1,020
Investment Property B	114	60-year	**N/A**	275
Investment Property C	159	60-year	**N/A**	380
Investment Property D	482	60-year	**N/A**	900
Investment Property E	482	60-year	**N/A**	900
			1,020	3,475

Notes:

(a) Investment Property A with carrying values totalling S$1,020,000 as at 31 March 2019 (2018: S$1,020,000) is mortgage for bank borrowings, disclosed in Note 27.

(b) The investment properties are leased to non-related parties under operating leases as at 31 March 2019 and 2018. Please refer to Note 30 for operating leases to non-related parties.

19 Financial instruments by category

	2019 S$'000	2018 S$'000
Financial assets		
Financial assets measured at amortised cost		
— Trade and other receivables (excluding prepayment)	**1,778**	3,280
— Cash and cash equivalents and fixed deposit	**19,943**	6,153
	21,721	9,433
Financial liabilities		
Financial liabilities measured at amortised cost		
— Bank borrowings	**2,494**	593
— Trade, other payables and accruals	**5,113**	1,870
— Finance lease liabilities	**1,525**	26
— Amounts due to directors	**—**	753
— Dividends payable	**—**	6,000
	9,132	9,242

20 Trade and other receivables

	2019 S$'000	2018 S$'000
Trade receivables	**1,629**	3,141
Prepayments, deposits and other receivables:		
Deposits	**149**	118
Prepayments	**211**	1,555
Other receivables	**—**	21
	1,989	4,835

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	2019 S$'000	2018 S$'000
1 to 30 days	**1,461**	1,459
31 to 60 days	**113**	655
61 to 90 days	**55**	102
91 to 120 days	**—**	—
Over 120 days	**—**	925
	1,629	3,141

20 Trade and other receivables (Continued)

The Group's carrying amount of trade receivables has not been subject for impairment subsequent to a debt recovery assessment performance at the end of reporting date. The amount past due above 90 days in year ended 31 March 2018 is mainly pertaining to certain billings which the final settlement amount is still in negotiation with a customer. Those billings are currently being accounted for as deferred revenue and is included in contract liabilities. The management believes that the amounts that are past due are collectible, based on historic payment behaviour and credit-worthiness of the customers.

The carrying amounts of the Group's trade and other receivables are denominated in Singapore Dollar.

Historically, the Group's loss arising credit risk relating to the customers are negligible as the Group's customers comprise mainly (i) gas, water, telecommunications and power utility companies in the private sector, and (ii) Singapore government agencies such as those governing water utility and catchment in the public sector, the expected credit loss rate for the Group's customers are 0% for the year ended 31 March 2019 and 2018 respectively and no impairment loss is recognised at initial recognise. The Group has assessed expected credit loss by grouping the receivables based on shared credit risk characteristics. Accordingly, the Group is of the view that the expected credit loss rate to be consistent throughout the financial year, by taking into consideration of the track record of regular repayment of receivables from the customers over time and also the outlook of economic environment from the perspective of each financial year. The Group assessed that there were no significant change in the actual credit loss rate over the financial year.

21 Contract assets/(liabilities)

	2019	2018
	S$'000	*S$'000*
Contract costs incurred plus recognised profits less recognised losses	**159,390**	129,181
Less: progress billings	**(144,420)**	(124,135)
Balances at end of year	**14,970**	5,046
Analysed for reporting purposes as:		
Non-current		
Contract assets	**—**	31
Current		
Contract assets	**17,166**	6,183
Contract liabilities	**(2,196)**	(1,168)
	14,970	5,015
	14,970	5,046

21 Contract assets/(liabilities) (Continued)

Movements in contract liabilities:

	2019 S$'000	2018 S$'000
At the beginning of the year	1,168	1,828
Billing to customers	8,426	3,251
Revenue recognised upon the provision of project works	(7,398)	(3,911)
	2,196	1,168

The contract assets primarily relate to the Group's conditional right to a consideration in exchange for a satisfied performance obligations at the reporting date in respect of construction contracts.

The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

The Group has recognised the following assets and liabilities related to contracts with customers:

	Note	2019 S$'000	2018 S$'000
Contract assets			
— Non-current		—	31
— Current		17,166	6,183
Total contract assets	*(i)*	17,166	6,214
Contract liabilities			
— Current		(2,196)	(1,168)
Total contract liabilities	*(i)*	(2,196)	(1,168)

Note:

(i) Significant changes in contract assets and liabilities

Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules for some of the fixed-price contracts; whereas in turn, increase in contract liabilities is due to more billing has been made in advance to the customers for services to be provided subsequent to the financial year.

As at 31 March 2019, retention receivables for contract works amounted to S$558,000 (2018: S$397,000) is included in contract assets.

Retention receivables is unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts.

The Group considered that the ECL for contract assets are negligible as the customers of the Group are reputable organisations.

22 Cash and cash equivalents and fixed deposit

(a) Cash and cash equivalents

	2019 S$'000	2018 S$'000
Cash at banks	19,843	6,153

The maximum exposure to credit risk at the end of the reporting period is the book carrying value of the cash at banks and cash on hand. Cash at banks earns interest income of floating rates based on daily bank deposit rates.

The Group's cash and cash equivalents are denominated in the following currencies:

	2019 S$'000	2018 S$'000
Singapore dollars	573	6,143
United States dollars	3	10
Hong Kong dollars	19,267	—
	19,843	6,153

(b) Fixed deposit

	2019 S$'000	2018 S$'000
Fixed deposit with maturity more than 3 months denominated in Singapore dollars	100	—

Fixed deposit at 31 March 2019 bear at an average rate of 0.60% per annum and pledged to the banking facilities of the subsidiary of the Group.

23 Deferred income tax

	2019	2018
	S$'000	*S$'000*
Deferred income tax liability:		
— To be settled after one year	**1,144**	802

The movements in deferred income tax liabilities during the year are as follows:

	Accelerated tax depreciation	
	2019	2018
	S$'000	*S$'000*
Deferred income tax liabilities		
Beginning of the year	**(802)**	(829)
(Charged)/credit to the consolidated statement of profit or loss and other comprehensive income *(Note 12)*	**(342)**	27
End of the year	**(1,144)**	(802)

Deferred income tax liabilities:

	Accelerated tax depreciation
	S$'000
At 1 April 2017	(829)
Credited to profit or loss *(Note 12)*	27
At 31 March 2018	(802)
At 1 April 2018	(802)
Charged to profit or loss *(Note 12)*	(342)
At 31 March 2019	(1,144)

The balance comprises tax on excess of net book value over tax written down value of qualifying property, plant and equipment.

24 Share capital

	Number of shares	Share capital HK$'000
Authorised share capital of the Company:		
At date of incorporation on 17 July 2018(i)	38,000,000	380
Increase on 26 February 2019(iii)	9,962,000,000	99,620
As at 31 March 2019	10,000,000,000	100,000

	Number of shares	Share capital S$'000
Issued and fully paid of the Company:		
At date of incorporation on 17 July 2018(i)	1	—*
Issue of shares pursuant to the Group Reorganisation(ii)	99	—*
Issue of shares under the capitalisation issue(iv)	689,999,900	1,192
Issue of shares under the Share Offer(v)	230,000,000	397
As at 31 March 2019	920,000,000	1,589

* Less than S$1,000

Notes:

(i) On 17 July 2018, the Company, which acts as the holding company of the companies comprising the Group, was incorporated as an exempted company in the Cayman Islands. As at the date of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one nil-paid share was allotted and issued to the initial subscriber and subsequently transferred to APL on the same date. On 13 August 2018 and 22 August 2018, the Company passed a special resolution to change its name from "Astute Prosper Holding Limited" to "Pipeline Technologies Holdings Limited", and from "Pipeline Technologies Holdings Limited" to "Pipeline Engineering Holdings Limited", respectively.

(ii) Pursuant to the Reorganisation and as consideration for the acquisition by the Company, the entire issued share capital of HSC Pipeline Engineering Pte Ltd was transferred to Pipeline Engineering Holdings Limited, on 14 February 2019, 99 shares were allotted and issued, credited as fully-paid, to the Company, pursuant to a sale and purchase agreement entered into between Mr. Michael Shi (as vendor) and the Company (as purchaser), in respect of the transfer of the entire issue share capital of HSC Pipeline Engineering from Mr. Michael Shi to the Company.

(iii) On 26 February 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each by the creation of an additional 9,962,000,000 shares of HK$0.01 each which rank pari passu in all respect with the existing Share.

(iv) On 26 February 2019, our sole shareholder resolved that, conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares, our Directors were authorised to capitalise approximately HK$6,899,999 (equivalent to approximately S$1,192,000) standing to the credit of the share premium account of our Company. This transaction is a non-cash transaction.

(v) On 27 March 2019, the Company's total number of ordinary shares, which are issued and fully paid, increased to 920,000,000 shares by issuing 919,999,900 new shares comprising 689,999,900 shares arising from the capitalisation issue and 230,000,000 shares from public offer. The 230,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.55 per share for a total consideration of HK$126,500,000 (equivalent to approximately S$21,846,000), with S$397,000 credited to the share capital account and S$21,449,000 credited to the share premium account. Listing expenses of approximately HK$18,065,000 (equivalent to approximately S$3,119,000) was charged to share premium. On the same date, the issue shares were successfully listed on the Main Board.

25 Reserves

	Share premium S$'000	Merger reserve S$'000	Retained earnings S$'000	Total S$'000
Balance at 1 April 2017	—	—	16,226	16,226
Comprehensive income				
Profit for the year	—	—	4,498	4,498
Transactions with owners, recognised directly in equity:				
Dividends	—	—	(6,000)	(6,000)
Balance at 31 March 2018	—	—	14,724	14,724
Balance at 1 April 2018	—	—	14,724	14,724
Comprehensive income				
Profit for the year	—	—	684	684
Transactions with owners, recognised directly in equity:				
Elimination of share capital pursuant to the Reorganisation	—	1,500	—	1,500
Shares issued pursuant to the capitalisation	(1,192)	—	—	(1,192)
Shares issued pursuant to the Listing	21,449	—	—	21,449
Listing expenses charged to share premium	(3,119)	—	—	(3,119)
Balance at 31 March 2019	17,138	1,500	15,408	34,046

26 Trade, other payables and accruals

	2019 S$'000	2018 S$'000
Trade payables	**1,991**	1,773
Other payables		
— Goods and services tax payables	**74**	209
— Advances received from customers	**6**	26
— Sundry creditors	**2,017**	14
Accrued expenses	**317**	83
Accrued for trade related cost	**788**	—
Accrual for employee benefit expenses	**750**	170
	5,943	2,275

The ageing analysis of the trade payables based on invoice date were as follows:

	2019 S$'000	2018 S$'000
0 to 30 days	**1,017**	957
31 to 60 days	**739**	344
61 to 90 days	**216**	317
Over 90 days	**19**	155
	1,991	1,773

The carrying amounts of the Group's trade payables are denominated in Singapore dollars. The carrying amounts of trade payables approximate their fair values.

27 Bank borrowings

	2019 S$'000	2018 S$'000
Non-current, secured		
Bank borrowings		
— Repayable later than 1 year and no later than 2 years	**103**	101
— Repayable later than 2 years and no later than 5 years	**290**	319
— Repayable later than 5 years	**—**	75
	393	495
Current, secured		
Bank borrowings		
— Repayable on demand	**2,000**	—
— Repayable no later than 1 year	**101**	98
Total bank borrowings	**2,494**	593

27 Bank borrowings (Continued)

The carrying amounts of the Group's borrowings approximate their fair values and are denominated in Singapore Dollar.

As at 31 March 2019, the bank borrowings are separately secured by Investment Property A and corporate guarantee. The personal guarantees by Shi Guan Wah and Shi Guan Lee were released upon Listing and replaced by the corporate guarantee by the Company.

As at 31 March 2018, the bank borrowings are separately secured by Investment Property A, leasehold property and joint and several personal guarantee by Shi Guan Wah and Shi Guan Lee.

Please refer to Note 18 for the fair value of Investment Property A.

Interest is charged between 2.58% and 3.38% (2018: 2.58% and 3.38%) per annum. The interest rate is repriced monthly.

28 Finance lease liabilities

The Group leases certain property, plant and equipment from third parties under finance leases. As at 31 March 2019 and 2018, the Group's finance leases were repayable as follows:

	2019 S$'000	2018 S$'000
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	1,123	26
Later than 1 year and no later than 2 years	435	—
	1,558	26
Future finance charges on finance leases	(33)	—
Present value of finance lease liabilities	1,525	26

The present value of finance lease liabilities is as follows:

	2019 S$'000	2018 S$'000
No later than 1 year	1,093	26
Later than 1 year and no later than 2 years	432	—
Total	1,525	26

Effective interest rates on the finance leases bears interest between 2.59% and 6.14% per annum during the year ended 31 March 2019 (2018: 2.54% and 6.14%).

29 Notes to consolidated statement of cash flows

(a) Reconciliation of profit before income tax to cash (used in)/generated from operations:

	Note	2019 S$'000	2018 S$'000
Profit before income tax		**1,760**	5,281
Adjustments for:			
— Losses/(gains) on disposal of property, plant and equipment	*8*	**16**	(12)
— Depreciation of property, plant and equipment	*16*	**1,913**	1,823
— Amortisation of intangible assets	*17*	**35**	—
— Write-off of property, plant and equipment	*8*	**11**	226
— Fair value loss on investment properties	*18*	**—**	75
— Finance costs	*11*	**51**	36
— Interest income	*7*	**—**	(20)
Operating profit before working capital changes		**3,786**	7,409
Changes in working capital:			
— Trade and other receivables		**2,846**	(837)
— Contracts asset/liabilities, net		**(9,924)**	(1,464)
— Inventories		**205**	(205)
— Trade, other payables and accruals		**3,009**	(1,518)
Cash (used in)/generated from operations		**(78)**	3,385

(b) Reconciliation of cash used in purchase of property, plant and equipment

	2019 S$'000	2018 S$'000
Total property, plant and equipment acquired during the year *(Note 16)*	**3,321**	571
Less: acquired by means of hire- purchase	**(2,319)**	—
Less: payable for purchase of property, plant and equipment	**(277)**	—
Cash used in purchase of property, plant and equipment during the year	**725**	571

29 Notes to consolidated statement of cash flows (Continued)

(b) Reconciliation of cash used in purchase of property, plant and equipment (Continued)

	2019 S$'000	2018 S$'000
Net book value	105	226
Write off of property, plant and equipment *(Note 8)*	(11)	(226)
(Loss)/gain on disposal of property, plant and equipment *(Note 8)*	(16)	12
Proceeds from disposal of property, plant and equipment	78	12

(c) Reconciliation of liabilities arising from financing activities

	1 April 2018 S$'000	Drawdown S$'000	Principal repayment S$'000	Interest paid S$'000	Interest accretion S$'000	Purchase of property, plant and equipment S$'000	Dividend paid S$'000	Repayment to directors S$'000	31 March 2019 S$'000
Bank borrowings	593	2,000	(99)	(14)	14	—	—	—	2,494
Finance lease liabilities	26	—	(820)	(37)	37	2,319	—	—	1,525
Dividend payable	6,000	—	—	—	—	—	(6,000)	—	—
Amount due to directors	753	—	—	—	—	—	—	(753)	—
	7,372	2,000	(919)	(51)	51	2,319	(6,000)	(753)	4,019

	1 April 2017 S$'000	Drawdown S$'000	Principal repayment S$'000	Interest paid S$'000	Interest accretion S$'000	Dividend declared S$'000	Repayment to directors S$'000	31 March 2018 S$'000
Bank borrowings	688	—	(95)	(18)	18	—	—	593
Finance lease liabilities	1,360	—	(1,334)	(18)	18	—	—	26
Dividend payable	—	—	—	—	—	6,000	—	6,000
Amount due to directors	975	—	—	—	—	—	(222)	753
	3,023	—	(1,429)	(36)	36	6,000	(222)	7,372

30 Commitments and contingent liabilities

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	2019 S$'000	2018 S$'000
Within one year	—	33
Between one and five years	—	—
	—	33

(b) Operating lease commitments — where the Group is a lessor

The Group lease out investment properties to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	2019 S$'000	2018 S$'000
Not later than one year	33	103
Between one and five years	14	13
	47	116

(c) Operating lease commitments — where the Group is a lessee

The Group leases properties from third parties under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases in respect of land leases are as follows:

	2019 S$'000	2018 S$'000
Not later than one year	267	122
Between one and five years	50	1
	317	123

31 Related party transactions

(a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors of the Company are of the view that the following parties/companies were related parties with nil transactions or balances with the Group during the years ended 31 March 2019 and 2018:

Name of the related party	Relationship with the Group
Bluetel Networks Pte. Ltd.	Common Director and Shareholder
Mishi Auto Pte. Ltd.	Common Director and Shareholder
HSC Kingview JV Pte. Ltd. (Struck off as at 31 March 2018)	Common Director and Shareholder
Mishi Pipeline Engineering Pte. Ltd. (Struck off as at 31 March 2019)	Common Director and Shareholder
Mishi Engineering Pte Ltd (Struck off as at 31 March 2018)	Common Director and Shareholder

(b) Amounts due to directors

The non-trade amounts due to directors is denominated in Singapore Dollar, unsecured and repayable on demand.

The balances were settled in September 2018.

(c) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in Note 10(a) to the consolidated financial statements.

32 Subsequent event

No subsequent event has been noted subsequent to 31 March 2019.

33 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	Note	2019 S$'000
ASSETS		
Non-current assets		
Investment in a subsidiary		18,893
Current assets		
Cash and cash equivalents		19,267
Total assets		38,160
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	(a)	1,589
Share premium	(a)	17,138
Capital reserve	(a)	18,893
Accumulated losses	(a)	(3,805)
		33,815
Current liabilities		
Other payables and accruals		1,740
Amount due to a subsidiary		2,605
		4,345
Total equity and liabilities		38,160

The statement of financial position of the Company was approved by the Board of Directors on 26 June 2019 and was signed on its behalf.

Director　　　　*Director*

33 Statement of financial position and reserve movement of the Company (Continued)

Statement of financial position of the Company (Continued)

Note (a): Share capital and reserve movement of the Company

	Share capital	Share premium S$'000	Capital reserve S$'000	Accumulated losses S$'000	Total S$'000
Balances at 17 July 2018 (date of incorporation)	—	—	—	—	—
Total comprehensive loss					
Loss for the year	—	—	—	(3,805)	(3,805)
Transactions with owners in their capacity as owners:					
Issuance of shares pursuant to Reorganisation *(Note i)*	—	—	18,893	—	18,893
Issue of shares pursuant to the capitalisation *(Note 25)*	1,192	(1,192)	—	—	—
Issue of shares pursuant to the Listing *(Note 25)*	397	21,449	—	—	21,846
Listing expenses charged to share premium *(Note 25)*	—	(3,119)	—	—	(3,119)
Balances at 31 March 2019	1,589	17,138	18,893	(3,805)	33,815

Note i: The investment in a subsidiary was accounted for using the net asset value in February 2019. The difference between the net asset value and the nominal value of issued share capital for the acquisition of HSC Pipeline amounted to approximately S$18,893,000 was credited as capital reserve.

The Company was incorporated on 17 July 2018 and, as at 31 March 2019, the Company has authorised share capital of HK$100,000,000, divided into 10,000,000,000 shares of HK$0.01 each. As at 31 March 2018, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves on that date.