

Shuang Yun Holdings Limited 雙運控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1706



Annual Report 2019

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Tan Chai Ling
(Chairman and Chief Executive Officer)
Ms. Alynda Tan Hue Hong
Ms. Chong Sook Fern

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Pong Kam Keung
Mr. Siu Man Ho Simon
Mr. Yau Chung Hang

COMPANY SECRETARY

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

Ms. Alynda Tan Hue Hong
Ms. Leung Hoi Yan

AUDIT COMMITTEE

Mr. Yau Chung Hang *(Chairman)*
Prof. Pong Kam Keung
Mr. Siu Man Ho Simon

REMUNERATION COMMITTEE

Mr. Yau Chung Hang *(Chairman)*
Mr. Tan Chai Ling
Mr. Siu Man Ho Simon

NOMINATION COMMITTEE

Mr. Tan Chai Ling *(Chairman)*
Mr. Yau Chung Hang
Prof. Pong Kam Keung

REGISTERED OFFICE

Cricket Square Hutchins Drive
PO Box 2681 Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

No. 4 Sungei Kadut Street 2
Sungei Kadut Industrial Estate
Singapore 729226

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre
95 Queensway, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
PO Box 2681 Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

AUDITOR

Deloitte & Touche LLP
6 Shenton Way OUE Downtown 2 #33-00
Singapore 068809

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad

COMPANY'S WEBSITE

www.shuangyunholdings.com

STOCK CODE

1706

Note: In the case of any inconsistency between the Chinese translation and the English text of this Annual Report, the English text shall prevail.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**board**”) of Shuang Yun Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I would like to present to our shareholders the annual report of our Group for the year ended 31 December 2019.

During the year ended 31 December 2019, the revenue of our Group was approximately S\$112.3 million, representing an increase by approximately 23.7% from approximately S\$90.8 million for the year ended 31 December 2018. Our gross profit increased from approximately S\$19.0 million for the year ended 31 December 2018 to approximately S\$21.5 million for the year ended 31 December 2019, representing an increase of approximately 19%. The increase was mainly due to those projects which were awarded in 2018 and were in full swing during the year ended 31 December 2019.

According to the press release by the Building and Construction Authority (BCA), Singapore the total construction demand (value of construction contracts to be awarded) to remain strong in 2020 with sustained public sector construction demand. The total construction demand is expected to range between S\$28 billion and S\$33 billion this year.

Public sector construction demand, which is expected to reach between S\$17.5 billion and S\$20.5 billion this year, will make up about 60% of the projected demand for this year. Public sector construction demand is expected to be spurred by major infrastructure projects, which are larger and more complex in scale, such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line. Private sector construction demand is projected to be between S\$10.5 billion and S\$12.5 billion this year, supported by projects such as redevelopment of en-bloc sale sites, recreational developments at Mandai Park, Changi Airport new taxiway and berth facilities at Jurong Port and Tanjong Pagar Terminal. The forecast for 2020 excludes any construction contracts by the two Integrated Resorts (IRs) pending confirmation on the timeline and the phasing of the expansion projects.

Construction demand is expected to hold steady over the medium term. Demand is projected to reach between S\$27 billion and S\$34 billion per year for 2021 and 2022 and between S\$28 billion and S\$35 billion per year for 2023 and 2024.

Ministry of Trade and Industry (MTI) announced that with COVID-19 spreading “rapidly” beyond China to many other countries, including the US, UK, France and Germany, many governments have implemented stringent measures to curb the spread, including closing their borders. Those countries are likely to see a sharp slowdown in their economies. As the global COVID-19 situation is still evolving rapidly, there remains a significant degree of uncertainty over the severity and duration of the global outbreak, and the trajectory of the global economic recovery once the outbreak has been contained. The balance of risks, however, is tilted to the downside. Downside risks include a more protracted-than-expected global outbreak; more severe and prolonged disruptions to global supply chains; and the possibility of financial shocks triggered by the economic impact of COVID-19.

Chairman's Statement

The construction sector took the largest hit in the first quarter 2020, the estimates by MTI showed, shrinking 4.3 per cent year-on-year. This is a reversal from the 4.3 per cent growth in the previous quarter.

Lockdowns and travel restrictions implemented by other countries disrupted the supply chain and delayed the return of foreign workers, adversely affecting some construction projects.

Despite the uncertainties in the global economy, we will optimise and manage our resources to seize opportunities and actively engage in those which are beneficial to the long-term development of the Group.

On behalf of the Board, I would like to express our gratitude to all our customers, management and staff of our Group, business partners and shareholders for their continuous support.

Shuang Yun Holdings Limited

Tan Chai Ling

Chairman

31 March 2020

Management Discussion and Analysis

BUSINESS REVIEW

Our Group is a Singapore based contractor engaged in road works services and construction ancillary services. The road works services provided comprise of mainly: (i) road construction services (i.e. new road construction, road widening, and construction of road-related facilities); and (ii) construction ancillary services (e.g. road pavement and marking maintenance works, and road upgrading services).

Our Group recorded a revenue growth of approximately 23.7%, from approximately S\$90.8 million for the year ended 31 December 2018 to approximately S\$112.3 million for the year ended 31 December 2019.

Our Group's profit increased by 77.4% from approximately S\$3.1 million for the year ended 31 December 2018 to approximately S\$5.5 million for the year ended 31 December 2019. The increase in profit is attributable to the increased projects were awarded in 2018 and were in full swing during the year ended 31 December 2019.

During the year ended 31 December 2019, we recognised revenue of approximately S\$29.6 million and S\$82.6 million for road construction services projects and construction ancillary services, respectively.

Our Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's business. The key risks and uncertainties identified by our Group are (i) we rely on suppliers and subcontractors to complete certain part of our road works projects and (ii) majority of our workforce is made up of foreign workers and are exposed to the risk of inability to obtain foreign workers.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the year ended 31 December 2019 was approximately S\$112.3 million, representing a growth of approximately 23.7% as compared to that of approximately S\$90.8 million for the previous year. The increase in revenue is attributable to increase in revenue from road construction services and construction ancillary services.

Management Discussion and Analysis

Gross profit

Our Group's gross profit increased from approximately S\$19.0 million for the year ended 31 December 2018 to approximately S\$21.5 million for the year ended 31 December 2019. Such increase was mainly due to those projects were awarded in 2018 and were in full swing during the year ended 31 December 2019.

Our Group's gross profit margin decreased from approximately 20.9% for the year ended 31 December 2018 to approximately 19.1% for the year ended 31 December 2019. Such decrease in the gross profit margin was mainly due to the Group has to compete and tender at lower profit margin to get more project in the current competitive construction market.

Other income

Other income decreased from approximately S\$0.5 million for the year ended 31 December 2018 to approximately S\$0.4 million for the year ended 31 December 2019. Such decrease was mainly due to the decrease in rental income during the year.

Administrative expenses

Administrative expenses decreased by approximately S\$0.7 million from approximately S\$13.1 million to approximately S\$12.4 million for the year ended 31 December 2019 mainly due to the decrease in professional expenses.

Finance costs

Finance costs increased by approximately 14.3% from approximately S\$2.1 million to approximately S\$2.4 million for the year ended 31 December 2019. This increase was principally due to the increase in interest on lease liabilities for the acquisition of machinery and higher borrowings.

Income tax expenses

Our Group's income tax expenses increased by approximately S\$0.7 million from S\$1.0 million to S\$1.7 million for the year ended 31 December 2019. Such increase was mainly driven by the increase in profit before taxation.

Profit for the year

For the year ended 31 December 2019, profit after taxation increased from approximately S\$3.1 million to approximately S\$5.5 million, primarily due to the combined effect of the aforesaid factors.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on the Listing Date with net proceeds from the global offering of the Shares of HK\$109.5 million.

The use of the net proceeds from the Listing as at 31 December 2019 was approximately as follows:

Use of net proceeds	Percentage of net proceeds (%)	Net proceeds (in HK\$ million)	Amount utilised (in HK\$ million)	Amount remaining (in HK\$ million)
– Purchase equipment and machinery to strengthen market position	13.7	15.0	15.0	–
– Acquire a property for	67.4	73.8	50.7	23.1
(i) our ancillary office;				
(ii) dormitory for our foreign workers;				
(iii) workshop to prepare asphalt premix for our own usage; and				
(iv) our machinery warehouse				
– Increase manpower for market expansion and competing for more projects	7.4	8.1	8.1	–
– Upgrade of information technology system	1.8	2.0	2.0	–
– Working capital	9.7	10.6	10.6	–
Total	100.0	109.5	86.4	23.1

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group has implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards. During the year ended 31 December 2019, the Group has satisfied the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditation for the quality management system, environmental management system and occupational safety and health management system respectively. Details of our environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Our Group's operations are mainly carried out by the Company's subsidiaries incorporated in Singapore while the Company itself is incorporated in the Cayman Islands with its shares listed on Stock Exchange. Our Group's establishment and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, Hong Kong and Singapore. During the year ended 31 December 2019 and up to the date of this annual report, there is no material breach of or non-compliance with the applicable law and regulations by our Group that has a significant impact on the business and operations of our Group.

Management Discussion and Analysis

PROSPECTS

According to the press release by the Building and Construction Authority (BCA), Singapore the total construction demand (value of construction contracts to be awarded) to remain strong in 2020 with sustained public sector construction demand. The total construction demand is expected to range between S\$28 billion and S\$33 billion this year.

Public sector construction demand, which is expected to reach between S\$17.5 billion and S\$20.5 billion this year, will make up about 60% of the projected demand for this year. Public sector construction demand is expected to be spurred by major infrastructure projects, which are larger and more complex in scale, such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line. Private sector construction demand is projected to be between S\$10.5 billion and S\$12.5 billion this year, supported by projects such as redevelopment of en-bloc sale sites, recreational developments at Mandai Park, Changi Airport new taxiway and berth facilities at Jurong Port and Tanjong Pagar Terminal. The forecast for 2020 excludes any construction contracts by the two Integrated Resorts (IRs) pending confirmation on the timeline and the phasing of the expansion projects.

Construction demand is expected to hold steady over the medium term. Demand is projected to reach between S\$27 billion and S\$34 billion per year for 2021 and 2022 and between S\$28 billion and S\$35 billion per year for 2023 and 2024.

Ministry of Trade and Industry (MTI) announced that with COVID-19 spreading “rapidly” beyond China to many other countries, including the US, UK, France and Germany, many governments have implemented stringent measures to curb the spread, including closing their borders. Those countries are likely to see a sharp slowdown in their economies. As the global COVID-19 situation is still evolving rapidly, there remains a significant degree of uncertainty over the severity and duration of the global outbreak, and the trajectory of the global economic recovery once the outbreak has been contained. The balance of risks, however, is tilted to the downside. Downside risks include a more protracted-than-expected global outbreak; more severe and prolonged disruptions to global supply chains; and the possibility of financial shocks triggered by the economic impact of COVID-19.

The construction sector took the largest hit in the first quarter 2020, the estimates by MTI showed, shrinking 4.3 per cent year-on-year. This is a reversal from the 4.3 per cent growth in the previous quarter.

Lockdowns and travel restrictions implemented by other countries disrupted the supply chain and delayed the return of foreign workers, adversely affecting some construction projects.

Facing the impact of COVID-19 virus, the Group has its own labour resources and minimized the impact of COVID-19 virus. And the Group will also consider down-size operating cost and rationalise allocation of resources to secure projects. Meanwhile, the Group will also continue to tender project with relatively high profit margin in the road construction services. Extending from our previous efforts, the Group also expects to complete the upgrading of the Group’s general contractor grade from level b1 to A2 by end of year 2020. This would raise our tendering limit from S\$40 million to S\$85 million, thus enlarge our capacity.

Management Discussion and Analysis

Therefore, we believe that there will be steady growth of the civil engineering and road works industry in the future and is full of confidence towards the prospects of this industry.

CONTINGENT LIABILITIES

Our Group did not have any material contingent liabilities as at 31 December 2019.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any material capital commitments.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our Group maintained a healthy financial position during the year ended 31 December 2019. Our Group's cash and cash equivalents balances as at 31 December 2019 amounted to approximately S\$4.2 million, representing a decrease of approximately S\$0.2 million as compared to approximately S\$4.4 million as at 31 December 2018.

As at 31 December 2019, the total interest-bearing loans of our Group was approximately S\$40.6 million, representing an increase of approximately S\$9.6 million as compared to approximately S\$31.0 million for the year ended 31 December 2018. The current ratio decreased from approximately 1.7 times for the year ended 31 December 2018 to approximately 1.5 times for the year ended 31 December 2019, while the gearing ratio increased from approximately 0.9 times for the year ended 31 December 2018 to approximately 1.0 times for the year ended 31 December 2019.

Our Group's equity balance increased to approximately S\$55.1 million as at 31 December 2019 as compared to approximately S\$49.3 million as at 31 December 2018, which was attributable to the profits recorded for the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 538 (31 December 2018: 656) employees including foreign workers. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of our Company having regard to our Group's operating results, individual performance and comparable market statistics.

Our Company has adopted a share option scheme pursuant to which the Directors and eligible employees of our Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of our Group. The foreign workers are typically employed on a one-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

CHARGES OF ASSETS

The borrowings as at 31 December 2019 was secured by the legal mortgages of our Group's buildings on leasehold land with carrying amount of approximately S\$5.0 million and the Group's investment properties with carrying amount of approximately S\$2.2 million.

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE

As the Group's operations are mainly in Singapore, most transactions arising from its businesses were usually settled in Singapore Dollars which was the functional currency of the Group. Except for a portion of the cash and cash equivalents generated from the global offering was denominated in Hong Kong Dollars and a small portion denominated in Chinese Yuan, the Group was not exposed to any significant foreign currency risk.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2019.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2019, our Group did not hold any significant investment.

FINAL DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Tan Chai Ling (alias Chen Zhilong), aged 45, is the chairman of the Board, chief executive officer (“CEO”) of the Group and executive director (“Director”) of the Company. He was appointed as the Director on 21 June 2017 and re-designated as the executive Director, chairman of the Board and CEO on 15 July 2017. He is a member of the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Tan is responsible for formulating the overall strategic direction, tendering and pricing strategy. Mr. Tan joined the Group in July 2008. He has been a director of Double-Trans Pte. Ltd. (“Double-Trans”) and Samco Civil Engineering Pte. Ltd. (“Samco”) and is also a director of Shuang Yun Development Pte. Ltd. (“Shuang Yun Development”). Mr. Tan has over 15 years of experience in the construction industry in Singapore. Before joining the Group, Mr. Tan worked as a project engineer with Sembcorp Engineers & Constructors P/L from 2002 to 2006. From 2006 to 2007, Mr. Tan worked as a project engineer with Samwoh Corporation P/L. From 2007 to 2008, Mr. Tan worked as a project manager with Pan United Asphalt P/L. Mr. Tan obtained a bachelor of engineering (civil) degree from the Nanyang Technological University of Singapore in February 2002. Mr. Tan has been a member of Institution of Engineers Singapore since 2008, and was selected as a senior member of the Institution of Engineers Singapore in July 2016. Mr. Tan is the elder brother of Ms. Alynda Tan Hue Hong who is the executive Director and the spouse of Ms. Chong Sook Fern who is also the executive Director.

Ms. Alynda Tan Hue Hong, aged 43, is the executive Director. She was appointed as the Director on 21 June 2017 and re-designated as the executive Director on 15 July 2017. Ms. Tan is responsible for overseeing the finance, human resources and administrative functions, including leading and preparing business plans, monitoring and reviewing overall control and reporting process. Ms. Tan joined the Group since June 2007 as the accounts officer of Samco. Ms. Tan has been a director of Double-Trans and Samco since September 2009 and is also a director of Shuang Yun Development. Ms. Tan has accumulated more than 20 years of experience in the finance and accounting field. Before joining the Group, Ms. Tan worked as an accounts assistant with NTUC Healthcare Pharmacy from November 1994 to February 1995. From May 1996 to August 1996, Ms. Tan worked with Samtrade Pte Ltd. as an accounts cum admin assistant. From September 1996 to March 1998, Ms. Tan joined Yoshida Seiki F.A. Engineering Pte Ltd. as an accounts assistant. From September 1998 to September 1999, Ms. Tan was employed by TTI Testron (A Division of The DII Group Singapore Pte Ltd.) Everett Charles Technologies as an accounts officer. From October 1999 to September 2001, Ms. Tan was an accounts officer at IRI International Singapore/IRI/Alpha Metals (A Division of Cookson Singapore Pte Ltd.). Mr. Tan worked as an account officer for Samco Engineering Pte Ltd. from July 2003 to June 2007. Ms. Tan obtained her Diploma in Business from Temasek Polytechnic in Singapore in August 1996. Ms. Tan then accomplished the Certificate stage of The Association of Chartered Certified Accountants in June 2000. She is the younger sister of Mr. Tan Chai Ling who is the chairman of the Board, CEO and the executive Director.

Directors and Senior Management

Ms. Chong Sook Fern (alias Zhang Shufen), aged 43, is the executive Director. She was appointed as the executive Director on 15 July 2017. Ms. Chong is responsible for overseeing projects department, site operations and costing matters of the Group. Ms. Chong joined the Group since February 2015 as the project director. Ms. Chong has more than 15 years of experience in the construction industry in Singapore. Before joining the Group, Ms. Chong was project engineer (junior) at Precise Development Pte Ltd. from December 2000 to January 2002. From February 2002 to January 2004, Ms. Chong was a project engineer at Wan Soon Construction Pte Ltd.. From February 2004 to June 2005, Ms. Chong worked as an engineer cum quantity surveyor with Techprecast Pte Ltd. (the subsidiary of Wan Soon Construction Pte Ltd.). From April 2006 to May 2008, Ms. Chong worked as a sales engineer cum quantity surveyor with AJA Enterprises Pte Ltd. From September 2011 to September 2012, Ms. Chong worked as a design engineer with HDB-BRI. Ms. Chong was a senior project manager for SIPM Consultants Pte Ltd. (the subsidiary of Surbana International Consultants Pte Ltd.) from June 2008 to September 2011, and from September 2012 to February 2015. Ms. Chong obtained her bachelor of engineering (civil) from the Nanyang Technological University of Singapore in July 2000. Ms. Chong is the spouse of Mr. Tan Chai Ling who is the chairman of the Board, CEO and the executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Man Ho Simon, aged 46, was appointed as the independent non-executive Director on 20 October 2017. He is also a member of the audit and remuneration committees of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group. Mr. Siu is a practicing solicitor of the High Court of Hong Kong and a China Appointed Attesting Officer appointed by the Ministry of Justice of the People's Republic of China. Mr. Siu is currently a partner in a law firm, Sit, Fung, Kwong & Shum, Solicitors, which he first joined as a solicitor in January 2000 and has been continuously serving there since then. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu also actively participates in charitable and social services in Hong Kong. He is currently acting as the legal adviser for United Hearts Youth Foundation as well as the school manager of The Association of Directors & Former Directors of Pok Oi Hospital Ltd Leung Sing Tak College. Mr. Siu is an independent non-executive director of each of Wai Yuen Tong Medicine Holdings Limited (a company listed on the Main Board, stock code: 897), Brilliant Circle Holdings International Limited (a company listed on the Main Board, stock code: 1008) and HKE Holdings Limited (a company listed on the Main Board, stock code: 1726) since August 2001, March 2009 and March 2018 respectively. He was appointed as the independent non-executive director of Weiye Holdings Limited (stock code: 1570) with effect from 10 March 2016 and resigned from the position on 19 December 2018. Mr. Siu obtained his Bachelor of Laws degree from the University of Hong Kong in November 1996.

Directors and Senior Management

Prof. Pong Kam Keung, aged 58, was appointed as the independent non-executive Director on 20 October 2017. He is also a member of the audit and nomination committees of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group. Before joining the Group, he was the chief prosecution officer of Environmental Protection Department of the Hong Kong Government from July 2004 to July 2013. He was a member of the Appeal Tribunal Panel of the Housing, Planning and Lands Bureau of the Hong Kong Government from February 2007 to November 2012 and a member of the Advisory Committee on Barrier Free Access of the Buildings Department from August 2001 to July 2003. Prof. Pong served as a director of education and membership of the Hong Kong Institute of Facility Management from October 2008 to October 2009. He has been an adjunct professor at the Division of Environment & Sustainability of the Hong Kong University of Science and Technology since December 2013 and a member of Governance & Quality Committee of the Hong Kong Green Building Council Limited since January 2017. Prof. Pong was an independent non-executive director of Wang Yang Holdings Limited, currently namely Central Holding Group Co. Ltd. (a company listed on the Main Board, stock code: 1735) from March 2018 to October 2019. Prof. Pong has been an independent non-executive director of FSM Holdings Ltd (stock code: 1721) since June 2018, an independent non-executive director of HKE Holdings Ltd (stock code: 1726) since March 2018, an executive director of Star Properties Group (Cayman Islands) Ltd. (stock code: 1560) since September 2018. Prof. Pong obtained his bachelor of science degree in building surveying from the Thames Polytechnic, United Kingdom in June 1989, a degree of master of science in property investment from the City University of London, United Kingdom in December 1993, a bachelor degree of laws from the University of Wolverhampton, United Kingdom in September 1995, a master degree of science in urban planning from the University of Hong Kong, Hong Kong in December 2005, a degree of master of corporate governance from the Hong Kong Polytechnic University, Hong Kong in October 2008 and a Doctor of Philosophy from Hong Kong Polytechnic University, Hong Kong in September 2019. Prof. Pong has been a fellow of the Hong Kong Institute of Facility Management, the Hong Kong Institute of Surveyors, the Chartered Institute of Arbitrators, the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Chartered Secretaries and a member of the Royal Town Planning Institute since July 2000, November 2000, January 2001, January 2006, October 2012 and January 2007, respectively. Prof. Pong registered as a chartered building engineer by the Chartered Association of Building Engineers in February 2014.

Directors and Senior Management

Mr. Yau Chung Hang, aged 47, was appointed as the independent non-executive Director on 20 October 2017. He is also the chairman of the audit and remuneration committees of the Company and a member of the nomination committee of the Company. He is responsible for participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group. Mr. Yau has over 20 years of experience in accounting and financial management. Before joining the Group, he worked as an accountant with Li Tang Chen CPA from June 1995 to January 1997. From January 1997 to May 2000, he worked at Deloitte Touche Tohmatsu and his last position was senior accountant. From May 2000 to October 2001, he joined Valspar Hai Hong Co., Ltd. as a credit manager. He then worked as the chief financial officer and company secretary with Changchun Da Xing Pharmaceutical Company Ltd. (a company listed on the GEM of the Stock Exchange, stock code: 8067) from January 2002 to January 2004. From January 2004 to April 2005, he was a finance manager of Tristate Holdings Limited (a company listed on the Main Board, stock code: 458). From April 2005 to March 2006, he joined Ningbo Yidong Electronic Company Ltd. (a company listed on the GEM of the Stock Exchange, stock code: 8249) as the company secretary. He then worked at Brilliant Circle Group (a company listed on the Main Board, stock code: 1008) as the chief financial officer and company secretary from January 2006 to February 2014. He worked as the chief financial officer and company secretary of Jiashili Group (a company listed on the Main Board, stock code: 1285) from March 2014 to November 2017. Mr. Yau was working as the executive director, Chief Financial Officer and company secretary of Tokyo Chuo Auction Holdings Limited (a company listed on the Main Board, stock code: 1939) from January 2018 to November 2019. Mr. Yau is now working as a Financial Controller in a private company. Mr. Yau was the independent non-executive director of Ban Loong Holdings Limited (a company listed on the Main Board, stock code: 30) from 16 May 2013 to 6 October 2014 and was the independent non-executive director of Wang Yang Holdings Limited (a company listed on the Main Board, stock code: 1735) from 13 March 2018 to 3 October 2019. Mr. Yau has been independent non-executive director of AID Life Science Holdings Limited (a company listed on GEM, stock code: 8088) since 29 July 2019. Mr. Yau obtained his bachelor of arts degree in accountancy from the University of Bolton, the United Kingdom in August 2005. He is a member of The Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants..

SENIOR MANAGEMENT

Mr. Toh Kok Weng, Benjamin (alias Du Guorong, Benjamin), aged 39, joined the Group in May 2008 as the project engineer of Double-Trans and Samco. He was promoted to the position of projects manager and general manager of the Group in June 2010 and May 2016, respectively. Mr. Toh is primarily responsible for overseeing contract department, including analysing project requirements and preparation of tender documents of the Group. Mr. Toh has more than 10 years of experience in the construction industry. From the second quarter of 2006 to the first quarter of 2008, Mr. Toh worked as a project engineer with Pan-United Asphalt Pte Ltd. Mr. Toh obtained his bachelor of engineering (civil engineering) degree from the University of Queensland in Australia in December 2005 and his Specialist Diploma in Construction Productivity from the Building and Construction Authority in November 2016.

Corporate Governance Report

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company adopted all the code provisions in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) as its own code on corporate governance practices.

During the year, the Company had complied with the code provisions in the CG Code with the exception of the code provisions A.2.1 and A.6.7. Details of such deviation is explained below.

BOARD OF DIRECTORS

The Company is governed by the Board which is responsible for formulating the overall strategic direction, tendering and pricing strategy; overseeing the finance, human resources and administrative functions, including leading and preparing business plans, monitoring and reviewing overall control and reporting process; overseeing projects department, site operations and costing matters of the Group; and participating in making significant decisions and giving advice on corporate governance, connected transactions and remuneration and nomination of Directors and senior management of the Group. The Board sets the overall strategy and directions for the Group with a view to developing its business and enhancing the shareholder value.

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the management of the Company for overseeing contract department, including analysing project requirements and preparation of tender documents of the Group, and finance function, including financial and management reporting, accounting, taxation, internal control and compliance matters.

The Board is responsible for determining the appropriate corporate governance practices applicable to the Company’s circumstances and ensuring systems, processes and procedures in place to achieve the Company’s corporate governance objectives; reviewing and monitoring the training and continuous professional development of directors and senior management and the Company’s policies, practices and guidelines on compliance with legal and regulatory requirements; and etc. The Board may discharge its corporate governance duties by establishment of board committees and delegation of certain management and administration functions to the management. During the year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

The Board currently comprises three executive Directors, namely Mr. Tan Chai Ling (chairman and CEO), Ms. Alynda Tan Hue Hong and Ms. Chong Sook Fern and three independent non-executive Directors (the “**INED**”), namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Yau Chung Hang. Mr. Tan Chai Ling is the elder brother of Ms. Alynda Tan Hue Hong and the spouse of Ms. Chong Sook Fern.

Corporate Governance Report

The attendance records of the Directors for the regular Board, committees and general meetings of the Company for the year are as follows:

Directors	No. of meetings attended/No. of meetings held				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Executive Director					
Mr. Tan Chai Ling (<i>chairman and CEO</i>)	3/4	N/A	0/1	1/1	1/1
Ms. Alynda Tan Hue Hong	4/4	N/A	N/A	N/A	1/1
Ms. Chong Sook Fern	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Director					
Mr. Siu Man Ho Simon	4/4	2/2	1/1	N/A	1/1
Prof. Pong Kam Keung	4/4	2/2	N/A	1/1	1/1
Mr. Yau Chung Hang	3/4	1/2	1/1	1/1	0/1

In respect of the code provision A.6.7 of the CG Code, Mr. Yau Chung Hang, an INED, was unable to attend the annual general meeting of the Company held on 3 June 2019 due to his business engagement.

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Director, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received an annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the INEDs and believes that their independence is in compliance with the Listing Rules.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the letters of appointment of Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Yau Chung Hang is for a period of three years till November 2020 subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting of the Company pursuant to the amended and restated articles of association ("**Articles of Association**") of the Company.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tan Chai Ling is currently the chairman of the Board and the CEO who is primarily responsible for the day-to-day management of the Group's business. The Board considers that vesting the roles of the chairman of the Board and the CEO in the same person facilitates the execution of the business strategies and decision making, and maximizes the effectiveness of the Group's operation. The Board also believes that the presence of three INEDs provides added independence to the Board. The Board will review the structure from time to time and consider an adjustment should it become appropriate.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year, according to the records provided by the Directors, the participation by each Director in the continuous professional development (“CPD”) was recorded as follows:

The executive Director, Mr. Tan Chai Ling, participated in CPD activities by way of reading materials covering topics including conflicts of interest, identify and assess risks and role of directors.

The executive Director, Ms. Alynda Tan Hue Hong, participated in CPD activities by way of reading materials covering topics including board committee and board diversity, audit committee and internal audit function and internal control.

The executive Director, Ms. Chong Sook Fern, participated in CPD activities by way of reading materials covering topics including managing inside information, control system, identify and assess risk.

The INED, Mr. Siu Man Ho Simon, participated in CPD activities by way of reading materials covering topics including managing risk and enforcement action against listed companies.

The INED, Mr. Yau Chung Hang, participated in CPD activities by way of reading materials covering topics including accounting standards.

The INED, Prof. Pong Kam Keung, participated in CPD activities by way of attending training or reading materials covering topics including duties of directors and role and function of board committees, risk management and internal control and corporate governance.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors’ securities transactions during the year.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee comprises one executive Director, namely Mr. Tan Chai Ling, and two INEDs, namely Mr. Siu Man Ho Simon and Mr. Yau Chung Hang. The committee is chaired by Mr. Yau Chung Hang.

The primary duties of the remuneration committee are to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving the management’s remuneration proposals and make recommendations to the Board on the remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company’s performance and current market situation. The remuneration committee adopted the model under the CG Code to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

Corporate Governance Report

During the year, the remuneration committee reviewed the Group's remuneration policy and structure; and reviewed and approved the remuneration packages of the executive Directors and senior management of the Company.

Details of emoluments of the Directors for the year are disclosed in Note 11 to the financial statements and the retirement benefit schemes are disclosed in Note 28 to the financial statements.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the CG Code of the Listing Rules. The nomination committee comprises one executive Director, namely Mr. Tan Chai Ling, and two INEDs, namely Prof. Pong Kam Keung and Mr. Yau Chung Hang. The committee is chaired by Mr. Tan Chai Ling.

The primary duties of the nomination committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, assess the independence of INED's and make recommendation to the Board on the appointment or reappointment of Directors.

Nomination committee shall assist the Board in making recommendations to the Board on the appointment of directors and succession planning for directors. When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, a number of factors shall be considered by the nomination committee, including reputation for integrity; accomplishment, experience and professional expertise which are relevant to the operations of the Company and its subsidiaries; commitment in respect of sufficient time, interest and attention to the Company's business; diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience; significant contributions to the Company's success; and compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an INED. After compilation and interview of the list of potential candidates, the nomination committee will shortlist candidates for consideration based on the selection criteria and such other factors that it considers appropriate.

Each of executive Director and INED entered into service agreement and letter of appointment respectively for their appointment with the Company for a term of three years commencing from November 2017 and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Corporate Governance Report

According to Article 84(1)-(2) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members 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.

During the year, the nomination committee reviewed the structure, size and composition of the Board and the policy and procedures for nomination of Directors and assessed the independence of INEDs.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee comprises three INEDs, namely Prof. Pong Kam Keung, Mr. Siu Man Ho Simon and Mr. Yau Chung Hang. The committee is chaired by Mr. Yau Chung Hang.

The primary duties of the audit committee are to review the risk management and internal control systems and the financial information, including accounting policies and practices and financial reporting, of the Company; to review the financial statements and reports of the Group; and to review the terms of engagement and the scope of audit work of the auditor.

During the year, the audit committee reviewed the accounting principles and practices adopted by the Group with the management and the Company's auditor; and discussed auditing, internal control and financial reporting matters including the audited financial statements and unaudited interim financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group. The Directors are 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.

Corporate Governance Report

AUDITOR AND THEIR REMUNERATION

The statement of the auditor of the Company about their reporting responsibilities on the Group's financial statements for the year ended 31 December 2019 is set out in the section "Independent Auditor's Report" of this report. During the year, remuneration paid and payable to the auditor of the Group are approximately S\$154,000 for annual audit fee and S\$17,000 for non-audit services.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Policy**") which sets out the approach to achieve and maintain diversity on the Board in order to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximize the Board's effectiveness.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to skills, regional and industrial experience, background, race and gender. Board appointments will be made on a merit basis. The Board will review the Policy on a regular basis to ensure its continued effectiveness. The Company will also take into account factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is aiming to develop a sound and good internal control system and build risk awareness and control responsibility into the Group. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Group has written down the internal control processes in Company Standard Operating Procedures ("**SOP**") and Policies. Written policies and procedures with defined limits of delegated authority facilitates effective segregation of duties and controls. The annual budget of the Group with financial targets provides a foundation for the allocation of Group's resources. Variance analyses are regularly performed and reported to the managements and the Board in order to identify deficiencies and enable timely remedial actions. The annual budgeting and planning process have been refined to take into consideration of risk factors. All operating units prepared with their operating plans is required to identify material risks which may have impact on the achievement of business objectives. Action items to mitigate the identified risks are developed for implementation. The Group's 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 procedures and internal controls of the Company for handling and dissemination of inside information includes conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all polices regarding the inside information.

Corporate Governance Report

Risk Management and internal control systems are reviewed on an annual basis. During the year, the Board reviewed the effectiveness of the Group's risk management and internal control systems such as review of internal control report from the auditor of the Company, SOP & Policies, physical control activities in the day-to-day operation, segregation of duties applied in the day-to-day operation of the Group and training for all staff of the Group and top management review on the review of the day-to-day operation of the Group. Staffs were trained to ensure that all staff of the Group had known the importance of internal control and risk management and the Company's control activities. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Company does not have an internal audit function. The Company is currently of the view that there is no immediate need to set up an internal audit function in light of the Group's simple corporate and operation structure. Review on the need for an internal audit function will be performed from time to time.

COMPANY SECRETARY

The Company engages Ms. Cheng Florence Ga Sui as the company secretary of the Company (the "**Company Secretary**") since 15 July 2017. Ms. Cheng resigned as the Company Secretary with effect from 1 June 2019 and Ms. Leung Hoi Yan was appointed the Company Secretary with effect from 1 June 2019. Both, Ms. Cheng and Ms. Leung, have been working with BPO Global Services Limited. Its primary corporate contact person at the Company is Ms. Ong Chun Kheng, the finance manager of the Company.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association of the Company, any one or more shareholders of the Company 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 company 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 months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner.

Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong, specifying the shareholders' contact details and the resolution intended to be put forward at general meeting.

Corporate Governance Report

For including a resolution to propose a person for election as a Director at general meeting, shareholders are requested to follow the Articles of Association of the Company. A written notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that the period for lodgment of such notices shall commence on the day after the despatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as a Director are posted on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.

INVESTOR RELATIONS

The objective of shareholders' communication is to provide shareholders of the Company with information about the Company and enabling them to engage actively with the Company and exercise their rights as shareholders of the Company in an informed manner.

The Company uses a range of communication tools to ensure shareholders of the Company are kept well informed of key business imperatives. These include annual general meetings, annual reports, various notices, announcements and circulars. The corporate website of the Company (www.shuangyunholdings.com) provides an effective communication platform to the public and the shareholders of the Company.

During the year, there had been no significant change in the Company's constitutional documents.

Report of the Directors

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2019.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Cayman Islands on 21 June 2017.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 20 October 2017.

The Shares of the Company were listed on the Stock Exchange with effect from 15 November 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of road construction services, construction ancillary services and lease of construction machineries. There were no significant changes to the Group's principal activities during the current year.

RESULTS/BUSINESS REVIEW

A review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in Management Discussion and Analysis set out on pages 5 to 10 of this annual report. This discussion forms part of this report of the Directors.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity on page 46 and Note 32 to the consolidated financial statements.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the financial year.

Report of the Directors

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out on pages 111 to 112 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly. The key risks and uncertainties identified are (i) reliance on suppliers and subcontractors to complete certain part of road works projects. No long-term contracts were entered with suppliers and subcontractors. As such, there is no assurance that they will be able to continue to provide supplies and services at acceptable prices, or that relationship with them can be maintained in the future; and (ii) majority of workforce is made up of foreign workers and inability to obtain foreign workers. Supply of foreign labour in Singapore is subject to the policies and regulations imposed by Singapore government. The Group's operations and financial performance may be adversely affected by the possible shortages in the supply of foreign workers and any increase in cost of foreign labour.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below) the Company did not enter into any equity-linked agreement during the year or subsisted at the end of the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year are set out in Note 14 to the consolidated financial statements.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 15 to 22 in this annual report.

Report of the Directors

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits and to retain adequate reserves for future growth.

In determining the frequency, amount and form of dividend in any financial year, the Board shall consider the factors including the economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; the actual and expected financial performance of the Group; retained earnings and distributable reserve of each of the members of the Group; the Group's future cash commitments and investment needs to sustain the long-term growth aspect of the business; the Group's current and future operations, liquidity position and capital requirements. The dividend yield ratio will be assessed from year to year, there is no assurance that dividends will be paid in any particular amount for any given period. Dividends may be paid in cash or in the form of allotment of shares of the Company wholly or partially. The board may also consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 28 May 2020.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive directors:

Mr. Tan Chai Ling
Ms. Alynda Tan Hue Hong
Ms. Chong Sook Fern

Independent Non-executive directors:

Prof. Pong Kam Keung
Mr. Siu Man Ho Simon
Mr. Yau Chung Hang

In accordance with articles 83 to 85 of the Company's amended and restated articles of association, Mr. Siu Man Ho Simon and Mr. Yau Chung Hang will retire by rotation and, being eligible, will offer themselves for election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 11 to 14 of this annual report.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate liabilities insurance to indemnify the Directors from any liabilities and costs arising from the business of the Group. Pursuant to the Company's Articles of Association, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its directors. The level of the coverage is reviewed annually.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 entered 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 of the Listing Rules were as follows:

(a) Long positions in the shares of HK\$0.10 each of the Company ("Shares")

Name of director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Tan Chai Ling ("Mr. Tan") (Note 1)	Interest in controlled corporation	750,000,000	75%
Ms. Chong Sook Fern ("Ms. Chong") (Note 2)	Interest of spouse	750,000,000	75%

Notes:

- 750,000,000 Shares are held by Jian Sheng Holdings Limited ("Jian Sheng") which is owned as to 80% by Mr. Tan and as to 20% by Ms. Alynda Tan Hue Hong ("Ms. Tan"). Therefore, Mr. Tan is deemed to be interested in all the Shares held by Jian Sheng under the SFO.
- Ms. Chong is the spouse of Mr. Tan and accordingly is deemed to be interested in the Shares in which Mr. Tan has interest under the SFO.

Report of the Directors

(b) Long position in the shares of associated corporations

Name of director	Name of associated corporation	Nature of interest	No. of shares held	Percentage of interest in associated corporation
Mr. Tan (<i>Note 1</i>)	Jian Sheng	Beneficial owner	88	80%
Ms. Tan (<i>Note 1</i>)	Jian Sheng	Beneficial owner	22	20%

Note:

- The Company is owned as to 75% by Jian Sheng. Jian Sheng is owned as to 80% by Mr. Tan and as to 20% by Ms. Tan.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 or 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 entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2019, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
Jian Sheng (<i>Note 1</i>)	Beneficial owner	750,000,000	75%
Mr. Tan (<i>Note 1</i>)	Interest in controlled corporation	750,000,000	75%
Ms. Chong (<i>Note 1</i>)	Interest of spouse	750,000,000	75%

Note:

- Jian Sheng is owned as to 80% by Mr. Tan and as to 20% by Ms. Tan. Mr. Tan is deemed to be interested in all the Shares held by Jian Sheng under the SFO. Ms. Chong is the spouse of Mr. Tan.

Save as disclosed above, as at 31 December 2019, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Report of the Directors

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 20 October 2017 are set out below:

(1) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that Eligible Participants (as defined below) have made or may make to our Group.

The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:

- (a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and
- (b) attract and retain or otherwise maintain ongoing business relationships with the Eligible participants whose contributions are, will or expected to be beneficial to our Group.

(2) Eligible Participant(s)

The Directors may, in accordance with the provisions of the Share Option Scheme and the Listing Rules, grant options to:

- (i) any Eligible Employees. "Eligible Employees" means employees (whether full time or part time, including any executive director but excluding any nonexecutive director) of our Company, any subsidiary or any entity in which our Group holds at least 20% of its issued share capital ("**Invested Entity**");
- (ii) any directors (including non-executive and independent non-executive directors) of our Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

Report of the Directors

- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, options may be granted to any company wholly owned by one or more Eligible Participants.

The basis of eligibility of any Eligible Participant to be granted any option shall be determined by the Directors (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(3) Total Number of Shares Available for Issue

A maximum of 100,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this annual report, may be issued upon exercise of all options to be granted under the Share Option Scheme.

(4) Maximum Entitlement of Each Eligible Person

No option shall be granted to any Eligible Participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the following requirements:

- (i) approval of the Shareholders of our Company at general meeting, with such Eligible Participant and its close associates (or its associates if such Eligible Participant is a connected person) abstaining from voting;
- (ii) a circular in relation to the proposal for such further grant must be sent by our Company to its Shareholders with such information from time to time as required by the Listing Rules;
- (iii) the number and terms of the options to be granted to such proposed grantee shall be fixed before the Shareholders' approval mentioned in (i) above; and
- (iv) for the purpose of calculating the minimum exercise price for the Shares in respect of the further options proposed to be so granted, the date of board meeting for proposing such grant of further options shall be taken as the date of offer of such options.

(5) Option Period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Directors may in their absolute discretion determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Directors may in their discretion determine the minimum period for which an Option has to be held or other restrictions before its exercise.

Report of the Directors

(6) Minimum Vesting Period

No minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(7) Payment on Acceptance of the Option

Participants of the Share Option Scheme are required to submit to the Company a duly signed document containing an offer for the grant of an option to subscribe for the Shares within 21 days from the offer date together with a payment in favour of the Company of HK\$1 per option as the consideration of the grant.

(8) Basis of Determining the Exercise Price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "**Offer Date**"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share on the Offer Date.

(9) Remaining Life

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further options shall be granted. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 31 December 2019 and there was no outstanding option as at 31 December 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

Report of the Directors

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contract of significance, to which the Company's holding company, fellow subsidiaries or subsidiaries 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.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

CONNECTED AND RELATED PARTY TRANSACTIONS

The Group had not entered into any connected transaction during the year ended 31 December 2019, which is required to be disclosed under Chapter 14A of the Listing Rules. Related party transactions entered into by the Group during the year, are disclosed in Note 29 to the consolidated financial statements. Upon Listing, certain related party transactions set out in Note 29 to the consolidated financial statements are regarded as continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of such transactions are set out in the section headed "Connected Transactions" in the Prospectus. As disclosed in the Prospectus, such transactions constitute de minimis continuing connected transactions as from the Listing Date and are fully exempt from the connected transaction requirements of Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the human resource department on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. The share option scheme became effective on 20 October 2017.

Report of the Directors

SUBSIDIARIES

Details of subsidiaries of the Company are set out in Note 33 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the financial year attributable to the Group's major customers and suppliers are as follow:

SALES	–	the largest customer	31.7%
	–	five largest customers	83.9%
PURCHASES	–	the largest supplier	31.1%
	–	five largest suppliers	64.1%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

USE OF PROCEEDS

A summary of the use of proceeds of the Group as set out on page 7 of the annual report.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte & Touche LLP as auditor of the Company.

On behalf of the Board

Mr. Tan Chai Ling

Chairman, Executive Director and Chief Executive Officer

31 March 2020

Environmental, Social and Governance Report

The Group is pleased to present this Environmental, Social and Governance (“ESG”) Report, which describes the initiatives of the Group with regard to ESG issues for the year ended 31 December 2019.

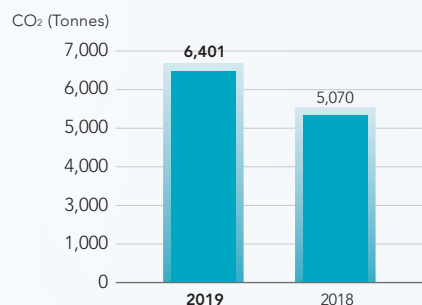
We have an Integrated Management System (“IMS”) which comprise of (i) ISO 9001 (Quality Management System); (ii) OHSAS 18001 (Occupational Health & Safety Management System); and (iii) ISO 14001 (Environmental Management System) for the provision of road works services and construction machinery rental services works to govern ESG-related aspect of our operations.

ENVIRONMENTAL

Emissions

In the provision of road construction and construction ancillary services works, we do not generate significant amount of greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

A major source of emission, however, is carbon emission from the consumption of energy. We consumed diesel for our tipper trucks and excavators. The chart behind presents the total carbon dioxide emission for the year 2019 arising from our diesel consumption:



We are committed to monitor and manage our environmental footprint with our environmental control procedures which forms part of our IMS which are relevant to our operations. For the year ended 31 December 2019, the Group was not aware of any non-compliance related to the Group.

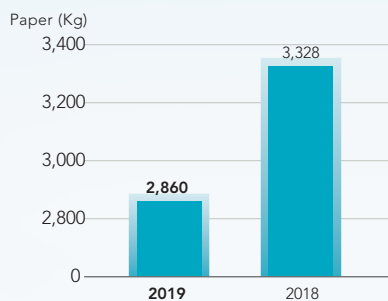
Use of resources

Our Group’s policies on the efficient use of resources primarily reflect on the concept of “Reduce/Reuse/Recycle”. Regular campaigns and training are provided to our employees to cultivate the concept of “Reduce/Reuse/Recycle” into their mindset. One of our policies is the provision of recycling bins for different types of waste such as paper, drink cans and plastic bottles. Old and replaced air-conditioners, fans and other building systems from the provision of road works services and construction machinery rental are sometimes reused in our temporary site offices and meeting rooms (where appropriate).

Environmental, Social and Governance Report

Our paper consumption for the year 2019 is as follows:

Paper Consumption



The environment and natural resources

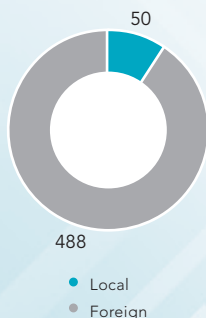
Our Group embarks on the Green & Gracious scheme initiated by the Building and Construction Authority. The implementation of the Green and Gracious practices will enhance and complement our environmental management system as well as raising the environmental consciousness and professionalism of our project teams. We are also aware of our responsibility to the environment and the general public, hence we are dedicated to work closely with the communities affected by our business operation.

EMPLOYMENT AND LABOUR PRACTICES

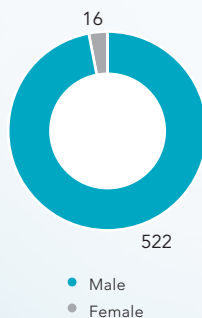
Employment

As at 31 December 2019, our Group employs over 538 employees (local and foreign workers). All our employees are based in Singapore. For the year ended 31 December 2019, our employees' turnover rate is approximately 33%. Below are the detailed breakdown of our employee by local (Singaporean and Singapore permanent residents) and foreign employees, gender and age group as at 31 December 2019:

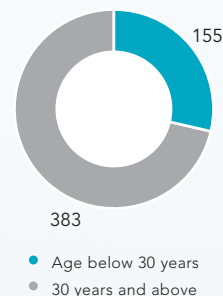
Number of local and foreign employees



Number of employees by gender



Number of employees by age group



Environmental, Social and Governance Report

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subject to an annual review that are based on performance appraisals and other relevant factors. We strongly encourage internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited.

Employees are informed of the general working hours, benefits and performance appraisals in our Employee's Handbook. Further, we have a recruitment policy in place in hiring construction foreign workers.

Employee's handbook

Our employee's handbook detailed out the general terms and conditions of employment as well as certain employment procedures with our Group. It includes the general working hours for both office and site staff, probation period, overtime allowance, termination procedures, medical benefits, various types of leave and performance review. We have in place a transparent system for assessing staff performance based on knowledge and skills, quality of work, initiative, attitude and respect towards authority, safety awareness which includes workplace safety and environmental control, interpersonal relation and teamwork, punctuality, professional conduct, pace of work and self-development.

Recruitment policy in hiring construction foreign workers

As an employer of foreign workers, we are required to comply with the rule and regulation as stipulated by the Ministry of Manpower of Singapore ("MOM"). Hence, we have a specific policy in place to ensure the recruitment process is in compliance with MOM's regulations and requirements, provide equal opportunity in employment practices without discrimination in race and religion, and fill the vacancies with suitable candidates.

For the year ended 31 December 2019, the Group had no material incidences of non-compliance with relevant laws and regulations regarding employment practices.

Human resources policy

Our human resources policy serves as a guideline to our human resources department as well as our employees in relation to matters on resource planning, interview, enrolment, probation, training, employee data maintenance, termination and resignation, performance, evaluation and feedback mechanism, compensation, payroll, and leave application.

Employee welfare and working conditions

As part of providing an engaging working environment, we organize various occasions as an avenue for our employees to get together. The Group encourages communication and interaction of the staff with the management. Through these gatherings, management is alerted to issues raised by staffs and can carry out responsive measures to improve operations if appropriate.

Environmental, Social and Governance Report

Employee health and safety

We recognised the importance of maintaining a safe, effective and congenial working environment and policies to provide sufficient protection to our staff. Hence, we have put various occupational health and safety measures in place and regularly perform check on the working environment and staff facilities. Not only that, we have obtained OHSAS 18001 as a recognition of our compliance with occupational health and safety requirements.

Our occupational health and safety management system including the following three steps:

1. Hazard identification, risk assessment and controls' determination

We maintain a list of relevant occupational and health safety hazards, based on analysis of our services and works performed, inspection reports and incident reports. Upon identification of the potential hazards, a risk assessment will be carried out to designate certain potential hazards as significant. Particular attention will be paid to these significant hazards during our formulation and implementation of controls. The list of potential hazards is reviewed and changes are updated on an annual basis.

2. Legal and regulatory compliance

We maintain a list of applicable occupational health and safety regulations and ensure that this is up-to-date. Changes to these rules and regulations will be communicated to our relevant departments and evaluation of our occupational health and safety compliance will be carried out.

3. Objectives, targets and key performance indicators

We have a key target of zero incident relating to occupational health and safety. The performance indicators are clearly defined, measured in terms of number of incidents.

Training and development

We are committed to providing staff training and development programmes designed to help our employees enhancing their knowledge and skills to meet the challenges of a changing era. The Group recognises that the knowledge and skills of our employees are vital to the Group's continued business development and success, we, therefore, encourage our staff to pursue further with their professional development. We nominate staff to attend both internal and external training programmes from time to time and when appropriate. Our training programmes range from professional and technical training to personal development skills. In addition, the Group provides adequate job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites. To continuously attract new talents, the Group also provides education subsidies to encourage our staff in further developing their skills and broaden their knowledge.

For the year ended 31 December 2019, we incurred \$45,066 in external training programmes.

Environmental, Social and Governance Report

Labour standards

We are committed to find practical, meaningful and culturally appropriate responses to support the elimination of child and forced labour practices. We do not employ any person below the age of eighteen years at our workplace. We also prohibit the use of child labour and forced or compulsory labour at our workplace. None of our employee shall be made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion. The implementation of this policy is the responsibility of our human resource departments and our site foreman. There is zero tolerance policy towards the use of child and forced labour. Human resource department shall keep all employment contracts and relevant documentation on the details of our employees. The Board shall also undertake random check of the records annually. For the year ended 31 December 2019, the Group did not identify any material violation of employment and labour standard.

OPERATING PRACTICES

Supply chain management

The Group relies on suppliers and subcontractors to ensure the quality and execute our works on a timely and reliable basis, consistent with the project requirements of our customers. All our suppliers and subcontractors are based in Singapore, effectively mitigating carbon emissions that result from haulage and transportation. For projects where we are the main contractor, our subcontractors are required to adhere to our IMS policy. In managing the environmental and social risks of our supply chain, we will perform assessments on all our suppliers and subcontractors prior to engaging them and inclusion in our approved suppliers list and our approved subcontractors list (the “**Approved Lists**”). We also monitor and assess our suppliers and subcontractors annually whereby those with poor performance will be removed from our Approved Lists. One of the criteria in our assessment relates to the existence and performance of the suppliers’ and subcontractors’ environmental, health and safety system.

Service responsibility

We recognise that good customer and after-sales services are the key influential factors to our success and sustainability. Therefore, we have set up a customer communication channel dedicated to handle customers’ queries and feedbacks efficiently. Similarly, customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. Protecting and safe-guarding our customers’ privacy have been one of our top agenda. Review and revision of the financial data and privacy policy are carried out regularly to ensure its effectiveness and compliance with relevant laws. Moreover, we acquired an ISO 9001 as an identification of our success in meeting customer expectations and delivering customer satisfaction.

Environmental, Social and Governance Report

Anti-corruption

We are committed to maintain the highest ethical standards and vigorously enforce the integrity of our business practices in all aspects of our operations. We have in place a policy to ensure our Group and our employees comply with anti-bribery, anti-corruption and anti-money laundering laws and governmental guidance. Our Group and employees (i) are prohibited from paying or receiving a bribe of any kind; (ii) are prohibited from giving or offering anything of value to a public official; (iii) are required to comply with the Group's guidelines and authorisation levels in relation to the giving and receiving of gifts and hospitality; and (iv) fully comply with the applicable laws and regulations relating to anti-money laundering and terrorist financing.

For the year ended 31 December 2019, we complied with the relevant laws and regulations in bribery, extortion, fraud and money laundering. There were no legal cases regarding corrupt practices and no complaints reported during the year ended 31 December 2019.

COMMUNITY

Community investment

We actively seek opportunities to repay society and in hope of creating a better living environment for local community. For the upcoming year, we are looking to set aside an agreed amount allocated to donations charity and support for good causes depending on the profitability of our Group. We are also looking into planning a series of charitable events in the upcoming year to inculcate the culture of participating in community work and giving back to the society.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHUANG YUN HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Shuang Yun Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 43 to 110, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board (the "**IASB**") 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**") issued by International Auditing and Assurance Standards Board (the "**IAASB**"). 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 are independent of the Group in accordance with the International Ethics Standards Board Accounting for Accountants' *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Revenue recognition of construction contracts

The Group is involved in road construction services for which it applies input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Independent Auditor's Report

REVENUE RECOGNITION OF CONSTRUCTION CONTRACTS

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

The accounting policy for revenue recognition for construction contracts is disclosed in Note 3 and the amount of revenue recognised based on input method is disclosed in Note 5.

How our audit addressed the key audit matter

We have performed the following procedures:

- Obtained an understanding and evaluated the design and implementation of the relevant controls that addressed the significant risks associated with revenue recognition and cost recognition and estimation;
- Performed substantive tests of details on a sampling basis for costs incurred during the year and checked that costs incurred was recorded in the correct accounting period;
- Obtained the estimated total cost on completion and assessed the reasonableness of the estimates used by management, including on a sampling basis, agreed the estimate to the supporting documents and performed retrospective review on completed projects;
- Agreed the contract sum or any variation orders to the signed agreements; and
- Re-computed the percentage of progress of the contracts based on input method to test the accuracy of the percentage of progress used to recognise revenue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 the IFRSs issued by IASB 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, 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible to oversee 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 the consolidated financial statements.

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

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

Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mao Meijiao.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

	Note	2019 S\$	2018 S\$
Revenue	5	112,271,670	90,783,991
Cost of services		(90,807,710)	(71,812,902)
Gross profit		21,463,960	18,971,089
Other income	6	410,445	459,189
Other gains/(losses)	7	38,452	(99,405)
Administrative expenses		(12,353,726)	(13,112,458)
Finance costs	8	(2,386,974)	(2,099,362)
Profit before taxation	9	7,172,157	4,119,053
Income tax expense	10	(1,686,818)	(1,007,809)
Profit for the year		5,485,339	3,111,244
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Gain on revaluation of properties, net of related income tax		278,422	241,703
Total comprehensive income for the year		5,763,761	3,352,947
EARNING PER SHARE			
Basic (S\$ cents)	13	0.55	0.31

See accompanying notes to financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 S\$	2018 S\$
Non-current assets			
Property, plant and equipment	14	13,680,982	30,037,913
Right-of-use assets	15	17,200,179	–
Investment properties	16	2,180,000	2,180,000
		33,061,161	32,217,913
Current assets			
Trade receivables	17	65,316,750	52,839,414
Other receivables, deposits and prepayments	18	3,465,128	3,459,681
Contract assets	19	31,502,596	18,918,804
Bank deposit	20	200,000	170,000
Bank balances and cash	20	4,005,738	4,248,821
		104,490,212	79,636,720
Current liabilities			
Trade and other payables	21	24,479,291	16,368,349
Contract liabilities	19	152,556	62,942
Obligations under finance leases	22	–	3,451,202
Lease liabilities	23	4,315,427	–
Income tax payable		1,569,283	1,193,072
Borrowings	24	37,312,486	25,576,374
		67,829,043	46,651,939
Net current assets		36,661,169	32,984,781
Non-current liabilities			
Obligations under finance leases	22	–	9,637,512
Lease liabilities	23	10,096,917	–
Borrowings	24	3,252,077	5,460,383
Deferred tax liabilities	25	1,261,534	756,758
		14,610,528	15,854,653
Net assets		55,111,802	49,348,041

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 S\$	2018 S\$
Capital and reserves			
Share capital	26	17,381,244	17,381,244
Share premium		5,130,991	5,130,991
Reserves		32,599,567	26,835,806
Equity attributable to owners of the Company		55,111,802	49,348,041

The consolidated financial statements were approved and authorised for issue by Board of Directors on 31 March 2020 and are signed on its behalf by:

Tan Chai Ling
Chairman and Executive Director

Alynda Tan Hue Hong
Executive Director

See accompanying notes to financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Share premium (Note (a))	Other reserves (Note (b))	Revaluation reserves	Accumulated profits	Total
	S\$	S\$	S\$	S\$	S\$	S\$
At 1 January 2018	17,381,244	5,130,991	10,700,000	664,878	12,117,981	45,995,094
Profit for the year	-	-	-	-	3,111,244	3,111,244
Gain on revaluation of properties, net of related income tax	-	-	-	241,703	-	241,703
Total comprehensive income for the year	-	-	-	241,703	3,111,244	3,352,947
At 31 December 2018	17,381,244	5,130,991	10,700,000	906,581	15,229,225	49,348,041
Profit for the year	-	-	-	-	5,485,339	5,485,339
Gain on revaluation of properties, net of related income tax	-	-	-	278,422	-	278,422
Total comprehensive income for the year	-	-	-	278,422	5,485,339	5,763,761
At 31 December 2019	17,381,244	5,130,991	10,700,000	1,185,003	20,714,564	55,111,802

Note (a): Share premium represents the excess of proceeds from share issue over the par value.

Note (b): Other reserves arose on the group reorganisation in which Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong transferred 10,700,000 shares in Double-Trans Pte. Ltd. ("**Double-Trans**") and Samco Civil Engineering Pte. Ltd. ("**Samco**") to the Group.

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	2019 S\$	2018 S\$
Operating activities		
Profit before taxation	7,172,157	4,119,053
Adjustments for:		
Depreciation of property, plant and equipment	2,777,149	4,703,279
Depreciation of right-of-use assets	3,396,437	–
Finance costs	2,386,974	2,099,362
Loss allowance	68,567	–
Gain on disposal of property, plant and equipment and right-of-use assets	(38,452)	(595)
Loss on fair value changes of investment properties	–	100,000
Operating cash flow before movement in working capital	15,762,832	11,021,099
Movements in working capital		
Increase in trade receivables	(12,545,903)	(5,092,359)
Increase in other receivables, deposits and prepayments	(5,447)	(2,280,901)
Increase in trade and other payables	8,110,942	862,693
Increase in contract assets	(12,583,792)	(9,286,574)
Increase in contract liabilities	89,614	62,942
Cash used in operations	(1,171,754)	(4,713,100)
Income tax paid	(862,852)	(1,137,240)
Net cash used in operating activities	(2,034,606)	(5,850,340)
Investing activities		
Purchase of property, plant and equipment	(1,229,081)	(296,190)
Purchase of right-of-use assets	(137,847)	–
Proceeds from disposal of property, plant and equipment and right-of-use assets	537,175	120,329
Net cash used in investing activities	(829,753)	(175,861)

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	2019 S\$	2018 S\$
Financing activities		
Proceeds from new borrowings	58,908,791	83,505,710
Repayment of borrowings	(52,023,294)	(80,649,014)
Increase in bank overdraft	2,642,309	558,270
Repayment of finance leases	–	(6,467,371)
Repayment of lease liabilities	(4,489,556)	–
Interests paid	(2,386,974)	(2,099,362)
Release of bank deposit	170,000	–
Placement of bank deposit	(200,000)	–
Net cash generated from/(used in) financing activities	2,621,276	(5,151,767)
Net decrease in cash and cash equivalents	(243,083)	(11,177,968)
Cash and cash equivalents at beginning of the year	4,248,821	15,426,789
Cash and cash equivalents at end of the year, represented by bank balances and cash	4,005,738	4,248,821

See accompanying notes to financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL

The Company is a company incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 June 2018. Its shares are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The registered office of the Company is at Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group is at No. 4, Sungei Kadut Street 2, Singapore.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of road construction services (including new road construction, road widening, and construction of road-related facilities), construction ancillary services (including road maintenance works), and lease of construction machineries.

The functional currency of the Company is Singapore dollars ("**S\$**"), which is also the presentation currency of the consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("**IFRSs**")

The Group has adopted all the new and amendments to IFRSs and new interpretations of IFRS ("**IFRIC**") effected and revised to its operations since the beginning of the current financial year.

The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for current or prior period except as follows:

New and amended IFRSs that are effective for the current year

In the current year, the Group has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

Notes to the Consolidated Financial Statements

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and amended IFRSs that are effective for the current year (Continued)

The Group has applied IFRS 16 using the cumulative catch-up approach, which:

- Requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of accumulated profits at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

(a) *Impact of the new definition of a lease*

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on ‘risks and rewards’ in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) *Impact on Lessee Accounting*

(i) *Former operating leases*

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- (a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Notes to the Consolidated Financial Statements

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amended IFRSs that are effective for the current year (Continued)

(b) Impact on Lessee Accounting (Continued)

(i) Former operating leases (Continued)

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'administrative expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Notes to the Consolidated Financial Statements

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amended IFRSs that are effective for the current year (Continued)

(c) *Impact on Lessor Accounting*

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) *Financial impact of initial application of IFRS 16*

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 4.38% per annum.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Impact on accumulated profits as at 1 January 2019

	S\$
Operating lease commitments at 31 December 2018	452,670
Effect of discounting the above amounts	(32,563)
Finance lease liabilities recognised under IAS 17 at 31 December 2018	13,088,714
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	<u>444,691</u>
Lease liabilities recognised at 1 January 2019	<u>13,953,512</u>
Analysed as:	
Current	3,891,695
Non-current	<u>10,061,817</u>

Upon transition to IFRS 16, the Group has recognised S\$864,798 of right-of-use assets (Note 15) and S\$864,798 of lease liabilities (Note 23) upon relating to previous operating lease commitments under IAS 17. No difference is recognised in accumulated profits.

During the year, property, plant and equipment previously held under finance leases applying IAS 17, which amounted to S\$14,985,021, have been reclassified to right-of-use assets under IFRS 16 at the date of initial application.

Notes to the Consolidated Financial Statements

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amended IFRSs that are effective for the current year (Continued)

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective which are relevant to the Group:

Amendments to IFRS 3	Definition of a Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ²
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards ²

¹ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

² Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipates that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial position and performance as well as disclosure.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies ordinance.

The consolidated financial statements have been prepared on the historical basis except the certain financial instruments that are measured at fair values as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realised value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

(i) *Revenue from provision of construction services*

The Group's performance creates an asset with no alternative use to the Group, as each construction service is customised to the customer's needs and is physically performed at a location that the customer controls, hence the asset cannot be resold to another customer. The Group has an enforceable right to payment for work done. Contract revenue is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15 *Revenue from Contracts with Customers*.

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

(ii) *Revenue from provision of construction ancillary services*

Revenue from provision of construction ancillary services is recognised over time when the customer is simultaneously receiving and consuming the benefits as the Group performs the services.

(iii) *Rental income*

Rental income from operating leases is recognised, on a straight-line basis, over the terms of the respective contracts.

(iv) *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract assets and liabilities

A contract asset is recognised when the Group has performed under the contract but has not yet billed customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Provisions

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

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Before the adoption of IFRS 16 on 1 January 2019

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

After the adoption of IFRS 16 on 1 January 2019

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

After the adoption of IFRS 16 on 1 January 2019 (Continued)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

After the adoption of IFRS 16 on 1 January 2019 (Continued)

The Group as lessee (Continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund ("CPF") are recognised as expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deduction of any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and re-measurement are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Other than buildings using revaluation model, depreciation is recognised so as to write off the cost of other items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Buildings are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of buildings is recognised in other comprehensive income and accumulated in revaluation reserves, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Transfer from investment properties to property, plant and equipment will be made when there is a change in use evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserves. On the subsequent sales or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits upon board's approval.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated profits. No transfer is made from the revaluation reserve to accumulated profits except when an asset is derecognised and the transfer is approved by the board.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a prorata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are recognised in the consolidated financial statements when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification of financial assets

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

Amortised cost and effective interest method

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

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

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

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Definition of default

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

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due based on factors considered such as past payment history, ongoing business dealings, settlement arrangements and financial status of the debtor, being reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group entities are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of their liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

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

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Foreign currency transactions and translation

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

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

Notes to the Consolidated Financial Statements

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Revenue recognition of construction contracts

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

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

The amount of contract revenue recognised based on input method is disclosed in Note 5. The carrying amounts of contract assets and current liabilities arising from construction contracts are disclosed in Note 19.

Loss allowance of receivables and contract assets

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

During the year ended 31 December 2019, no loss allowance were provided for in the consolidated financial statements. The carrying amounts of the trade and other receivables and contract assets are disclosed in Notes 17, 18 and 19 respectively.

Notes to the Consolidated Financial Statements

5. REVENUE AND SEGMENT INFORMATION

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfer control of a product or service to a customer. Revenue of the Group arises from the provision of road construction services (including new road construction, road widening, and construction of road related facilities), construction ancillary services (including road maintenance works), and lease of construction machineries by the Group to external customers.

Information is reported to the Controlling Shareholders, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies as described in Note 3. The CODM reviews revenue by nature of services, i.e. provision of road construction services and provision of construction ancillary services, and profit for the year as a whole. No further detailed analysis of the Group's results by type of services nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December	
	2019 S\$	2018 S\$
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by nature of works:		
– Revenue from road construction services	30,344,261	15,417,071
– Revenue from construction ancillary services	81,927,409	75,366,920
Revenue from external customers	112,271,670	90,783,991

Notes to the Consolidated Financial Statements

5. REVENUE AND SEGMENT INFORMATION (Continued)

	Year ended 31 December 2019 S\$	Year ended 31 December 2018 S\$
Timing of revenue recognition		
Over time	112,271,670	90,783,991

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

	Year ended 31 December 2019 S\$	Year ended 31 December 2018 S\$
Road construction services	38,857,654	25,855,392
Construction ancillary services	–	264,630
	38,857,654	26,119,256

Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2019 will be recognised as revenue over the next 7 years (2018: 6 years).

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the year are as follows:

	Year ended 31 December	
	2019 S\$	2018 S\$
<i>Revenue from:</i>		
– Customer I	35,561,471	19,290,350
– Customer II	23,423,643	18,826,763
– Customer III	18,433,235	8,785,451

Geographical information

The Group principally operates in Singapore. Approximately 100% (2018: 100%) of revenue are derived from Singapore based on the location of services delivered and substantially all of the Group's non-current assets are located in Singapore.

Notes to the Consolidated Financial Statements

6. OTHER INCOME

	Year ended 31 December	
	2019 S\$	2018 S\$
Training and projects support services income	435	6,705
Government grants (<i>Note</i>)	43,984	74,321
Rental income	245,060	296,460
Sundry income	120,966	81,703
	410,445	459,189

Note:

Government grants mainly include subsidy from the Special Employment Credit, the Wages Credit Scheme and Temporary Employment Credit Scheme and the Spring Singapore's Capability Development Grant, all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the years ended 31 December 2018 and 2019, grants amounting to S\$27,801, and S\$28,044 respectively, under Special Employment Credit were received. Under the Special Employment Credit, the government aims to encourage and facilitate Singapore-registered business to hire older Singaporean workers and persons with disabilities.

During the years ended 31 December 2018 and 2019, grant amounting to S\$34,272 and S\$15,940 respectively, under Wages Credit Scheme were received. Under this credit scheme, the government provides assistance to Singapore-registered businesses by way of provide co-fund 20% and 15% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S\$4,000 and below in 2018 and 2019.

During the years ended 31 December 2018, grants amounting to S\$12,248 under Temporary Employment Credit Scheme. Under the Temporary Employment Credit Scheme, the government provides assistance to businesses employing Singapore citizens and Singapore Permanent Residents by way of co-funding 1.0% and 0.5% of monthly wage of Singapore citizen and Singapore Permanent Resident employees, up to S\$6,000 monthly wage per employee in 2018.

7. OTHER GAINS/(LOSSES)

	Year ended 31 December	
	2019 S\$	2018 S\$
Gain arising on disposal of property, plant and equipment	38,452	595
Loss on fair value change of investment properties	–	(100,000)
	38,452	(99,405)

Notes to the Consolidated Financial Statements

8. FINANCE COSTS

	Year ended 31 December	
	2019 S\$	2018 S\$
Interest on:		
Borrowings	1,767,976	1,599,470
Lease liabilities	618,998	–
Finance leases	–	499,892
	2,386,974	2,099,362

9. PROFIT BEFORE TAXATION

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

	Year ended 31 December	
	2019 S\$	2018 S\$
Depreciation of right-of-use assets	3,396,437	–
Depreciation of property, plant and equipment	2,777,149	4,703,279
Loss allowance on trade receivables	68,567	–
Auditor's remuneration		
– Annual audit fees	154,000	121,000
Non-audit fees paid to auditors of the Company	17,000	17,600
Directors' remuneration	1,431,880	1,405,877
Other staff costs		
– Salaries and wages	16,180,658	16,278,761
– Contribution to CPF	349,828	395,790
Total staff costs	17,962,366	18,080,428
Cost of materials recognised as expenses	53,772,736	44,052,376
Subcontractor costs recognised as costs of services	15,915,646	8,441,571
Gross rental income from investment properties	105,060	110,160
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	(15,736)	(17,318)
	89,324	92,842

Notes to the Consolidated Financial Statements

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2019 S\$	2018 S\$
Tax expense comprises:		
Current tax		
– Singapore corporate income tax (“CIT”)	1,375,222	1,071,052
– Overprovision in prior years	(136,157)	(132,309)
	1,239,065	938,743
Deferred tax expense (<i>Note 25</i>)	447,753	69,066
	1,686,818	1,007,809

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 25% (2018: 20%), capped at S\$15,000 (2018: S\$10,000), all determined based on financial year end date of respective group companies. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 and S\$190,000 of chargeable income for 2018 and 2019 respectively.

The taxation for the financial years ended 31 December 2019 and 2018 can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2019 S\$	2018 S\$
Profit before taxation	7,172,157	4,119,053
Tax at applicable tax rate of 17%	1,219,267	700,239
Tax effect of expenses not deductible for tax purpose	320,192	170,948
Effect of tax concessions and partial tax exemption (<i>Note</i>)	(34,850)	(122,933)
Overprovision in prior years	(136,157)	(132,309)
Tax rebate	(20,135)	(30,000)
Effect of different tax rate on company operating in other jurisdictions	338,501	421,864
Taxation for the year	1,686,818	1,007,809

Note:

Included in the amounts are additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the Productively and Innovation Credit (“PIC”) scheme in Singapore for the Year of Assessment (“YA”) 2019 and YA 2020.

Notes to the Consolidated Financial Statements

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

Mr. Tan Chai Ling and Ms. Alynda Tan Hue Hong were appointed as directors of the Company on 21 June 2018. Ms. Chong Sook Fern was appointed as an executive Director on 15 July 2018. The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the year are as follows:

Year ended 31 December 2019

	Director fee S\$	Salaries and allowances S\$	Discretionary bonus S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Tan Chai Ling	-	552,000	10,750	26,308	589,058
Ms. Alynda Tan Hue Hong	-	552,000	10,750	26,308	589,058
Ms. Chong Sook Fern	-	156,000	-	24,480	180,480
Independent Non-Executive Directors					
Prof. Pong Kam Keung	20,938	-	-	-	20,938
Mr. Siu Man Ho Simon	31,408	-	-	-	31,408
Mr. Yau Chung Hang	20,938	-	-	-	20,938
	73,284	1,260,000	21,500	77,096	1,431,880

Year ended 31 December 2018

	Director fee S\$	Salaries and allowances S\$	Discretionary bonus S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Tan Chai Ling	-	552,000	-	24,480	576,480
Ms. Alynda Tan Hue Hong	-	552,000	-	24,480	576,480
Ms. Chong Sook Fern	-	156,000	-	24,480	180,480
Independent Non-Executive Directors					
Prof. Pong Kam Keung	20,696	-	-	-	20,696
Mr. Siu Man Ho Simon	31,045	-	-	-	31,045
Mr. Yau Chung Hang	20,696	-	-	-	20,696
	72,437	1,260,000	-	73,440	1,405,877

Notes to the Consolidated Financial Statements

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

(Continued)

Directors' emoluments (Continued)

- (i) Mr. Tan Chai Ling acts as the chairman and the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- (ii) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.
- (iii) No other retirement benefits were paid to directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.
- (iv) The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group.
- (v) The independent non-executive directors' emoluments shown above were for their services in connection with the management affairs of the company.

Employees' remuneration

During the financial years ended 31 December 2019 and 2018, included in the remunerations of the five highest paid individuals are 3 and 3 directors respectively whose remunerations are disclosed above. The remunerations in respect of the remaining individuals during the respective reporting period are as follows:

	Year ended 31 December	
	2019	2018
	S\$	S\$
Salaries and allowances	214,800	213,300
Discretionary bonus	3,350	–
Contribution to retirement benefits scheme	34,272	34,680
	252,422	247,980

Notes to the Consolidated Financial Statements

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

(Continued)

Employees' remuneration (Continued)

The five highest paid individuals including directors were within the following bands:

	Year ended 31 December	
	2019	2018
Emolument bands		
HK\$1 to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$3,000,001 to HK\$3,500,000	2	2

During the financial years ended 2019 and 2018, no remuneration was paid by the Group to the directors of the Company or the other five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Each of the directors has not waived any remuneration during the financial years ended 2019 and 2018.

12. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2019 and 2018. The director of the company have determined that no dividends will be paid in respect of the year.

Notes to the Consolidated Financial Statements

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 December 2019 and 2018 were based on the following data:

	For the year ended	
	2019	2018
	S\$	S\$
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the year)	5,485,339	3,111,244
	As at 31 December	
	2019	2018
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000,000	1,000,000,000
Basic earnings per share (S\$ cents)	0.55	0.31

For the years ended 31 December 2019 and 2018, no separate diluted earnings per share information has been presented as there was no potential ordinary shares outstanding.

Notes to the Consolidated Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings at revalued amount S\$	Motor vehicles S\$	Plant and machinery S\$	Computers S\$	Furniture and fittings S\$	Equipment S\$	Leasehold improvement S\$	Total S\$
Cost or valuation								
At 1 January 2018	6,000,000	9,503,733	14,266,756	226,294	99,199	2,065,984	243,082	32,405,048
Additions	-	4,728,292	6,684,356	20,388	-	278,813	-	11,711,849
Disposals	-	(433,835)	(77,480)	-	-	-	-	(511,315)
Revaluation decrease	(500,000)	-	-	-	-	-	-	(500,000)
At 31 December 2018	5,500,000	13,798,190	20,873,632	246,682	99,199	2,344,797	243,082	43,105,582
Adoption IFRS 16	-	(9,091,099)	(8,540,986)	-	-	(369,260)	-	(18,001,345)
At 1 January 2019 (restated)	5,500,000	4,707,091	12,332,646	246,682	99,199	1,975,537	243,082	25,104,237
Additions	-	-	244,786	9,061	-	975,234	-	1,229,081
Disposals	-	(1,218,318)	(160,060)	-	-	(129,000)	-	(1,507,378)
Revaluation decrease	(500,000)	-	-	-	-	-	-	(500,000)
At 31 December 2019	5,000,000	3,488,773	12,417,372	255,743	99,199	2,821,771	243,082	24,325,940
Accumulated depreciation								
At 1 January 2018	-	3,910,320	4,383,990	183,496	87,294	902,111	79,969	9,547,180
Charge for the year	791,209	2,014,171	1,613,008	34,598	8,745	217,239	24,309	4,703,279
Elimination on disposal	-	(344,448)	(47,133)	-	-	-	-	(391,581)
Elimination on revaluation	(791,209)	-	-	-	-	-	-	(791,209)
At 31 December 2018	-	5,580,043	5,949,865	218,094	96,039	1,119,350	104,278	13,067,669
At 31 December 2018	-	5,580,043	5,949,865	218,014	96,039	1,119,350	104,278	13,067,669
Adoption IFRS 16	-	(2,152,279)	(824,386)	-	-	(39,659)	-	(3,016,324)
At 1 January 2019 (restated)	-	3,427,764	5,125,479	218,094	96,039	1,079,691	104,278	10,051,345
Charge for the year	835,443	477,350	1,228,346	22,336	3,160	186,206	24,308	2,777,149
Elimination on disposal	-	(1,132,907)	(131,699)	-	-	(83,487)	-	(1,348,093)
Elimination on revaluation	(835,443)	-	-	-	-	-	-	(835,443)
At 31 December 2019	-	2,772,207	6,222,126	240,430	99,199	1,182,410	128,586	10,644,958
Carrying values								
At 31 December 2018	5,500,000	8,218,147	14,923,767	28,588	3,160	1,225,447	138,804	30,037,913
At 1 January 2019 (restated)	5,500,000	1,279,327	7,207,167	28,588	3,160	895,846	138,804	15,052,892
At 31 December 2019	5,000,000	716,566	6,195,246	15,313	-	1,639,361	114,496	13,680,982

Notes to the Consolidated Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for buildings, are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Motor vehicles	5 years
Plant and machinery	10 years
Computers	3 years
Furniture and fittings	5 years
Equipment	10 years
Leasehold improvement	Shorter of 10 years or the lease terms

The carrying value of below items are assets held under finance leases:

	As at 31 December 2018 S\$
Motor vehicles	6,938,820
Plant and machinery	7,716,600
Equipment	329,601
	<hr/> 14,985,021 <hr/>

The Group's buildings are measured using revaluation model and are depreciated over remaining useful lives (by reference to relevant terms of lease ranging from 10 to 55 years) of respective property upon the revaluation date.

The Group has pledged buildings with a net book value of approximately S\$5,000,000 (2018: S\$5,500,000) to secure general banking facilities granted to the Group.

Notes to the Consolidated Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's buildings

As at 31 December 2018 and 2019, the Group's buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation.

As at 31 December 2019, the fair value measurement of the buildings was performed by independent valuer, Teho Property Consultants Pte Ltd, which operates at 8 Jalan Lembah Kallang # 03-01 Min Ghee Building Singapore 339564. As at 31 December 2018, the fair value measurement of the buildings was performed by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, which operates at 12 Marina View #19-02, Asia Square Tower 2, Singapore 018961.

Teho Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd are not related to the Group, and have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations.

The fair value of the buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition under review. There has been no change to the valuation technique during the years.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The key unobservable inputs used in valuing the buildings were the adjusted price per square metre. A significant increase (decrease) in the adjusted price per square metre used would result in a significant increase (decrease) in the fair value measurement of the buildings, and vice versa.

Details of the Group's buildings and information about the fair value hierarchy and adjusted price per square metre as at end of the reporting period are as follows:

	Fair value Level 3 S\$	Adjusted price per square metre S\$
As at 31 December 2018		
No. 4 Sungei Kadut Street 2, Singapore 729226	5,500,000	1,077
As at 31 December 2019		
No. 4 Sungei Kadut Street 2, Singapore 729226	5,000,000	979

There was no transfer into or out of Level 3 during the current financial year.

If the buildings had not been revalued, they would have been included in the consolidated statement of financial position at historical cost less accumulated depreciation of S\$4,909,021 and S\$4,172,668 as at 31 December 2018 and 2019 respectively.

Notes to the Consolidated Financial Statements

15. RIGHT-OF-USE ASSETS

	Dormitories S\$	Land S\$	Equipment S\$	Machinery S\$	Motor vehicles S\$	Total S\$
Cost:						
At 1 January 2019						
(Upon adoption of IFRS 16)	386,272	357,853	489,933	8,540,986	9,091,099	18,866,143
Additions	–	–	36,180	4,378,414	671,641	5,086,235
Disposal	–	–	–	–	(759,982)	(759,982)
At 31 December 2019	386,272	357,853	526,113	12,919,400	9,002,758	23,192,396
Accumulated Depreciation:						
At 1 January 2019						
(Upon adoption of IFRS 16)	–	–	39,659	824,386	2,152,279	3,016,324
Charge for the year	228,221	151,909	78,721	1,110,571	1,827,015	3,396,437
Disposal	–	–	–	–	(420,544)	(420,544)
At 31 December 2019	228,221	151,909	118,380	1,934,957	3,558,750	5,992,217
Carrying amount:						
At 1 January 2019	386,272	357,853	450,274	7,716,610	6,938,820	15,849,819
At 31 December 2019	158,051	205,944	407,733	10,984,443	5,444,008	17,200,179

The Group leases several assets including dormitories, land, equipment, machinery and motor vehicles. The lease term is two to six years (2018: two to six years).

The Group has no options to purchase any of its leased assets at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Certain leases for property, plant and equipment expired in the current financial year. The expired contracts were either replaced by new leases for similar underlying assets or extended through exercising options. This resulted in additions to right-of-use assets of S\$5,086,235 in 2019.

The maturity analysis of lease liabilities is presented in Note 23.

Amounts recognised in profit or loss

	2019 S\$
Depreciation expense on right-of-use assets	3,396,437
Interest expense on lease liabilities (Note 8)	618,998
Expense relating to short-term leases	654,763

At 31 December 2019, the Group is committed to S\$8,310 for short term leases.

The total cash outflow for leases in 2019 amount to S\$4,489,556.

Notes to the Consolidated Financial Statements

16. INVESTMENT PROPERTIES

	S\$
At 1 January 2018	2,280,000
Net decrease in fair value recognised in profit or loss	(100,000)
At 31 December 2018 and 31 December 2019	2,180,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2019 have been arrived at on the basis of a valuation carried out by Teho Property Consultants Pte Ltd. The fair values of the Group's investment properties as at 31 December 2018 have been arrived at on the basis of a valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.. The fair values are based on comparable market transactions of similar properties in the neighbourhood that have been transferred in the open market. There has been no change from the valuation technique used during the financial year ended 31 December 2019.

At 31 December 2018 and 2019, the investment properties were under legal mortgage for loans granted to the Group.

Notes to the Consolidated Financial Statements

16. INVESTMENT PROPERTIES (Continued)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2019					
Commercial properties S\$660,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-133, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S\$5,239/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S\$33,000.
Commercial properties S\$700,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-134, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S\$5,262/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S\$35,000.
Commercial properties S\$820,000 (certain factory building thereof located at No. 26 Sing Ming Lane#08-116, Singapore 573971)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S\$5,223/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S\$41,000.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
At 31 December 2018					
Commercial properties S\$660,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-133, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S\$5,239/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S\$33,000.
Commercial properties S\$700,000 (certain factory building thereof located at No. 28 Sing Ming Lane#07-134, Singapore 573972)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S\$5,262/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S\$35,000.
Commercial properties S\$820,000 (certain factory building thereof located at No. 26 Sing Ming Lane#08-116, Singapore 573971)	Level 3	Direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.	Price per square metre of comparable properties taking into account of time, location and other individual factors such as road frontage, size of properties and facilities, of S\$5,223/square metre.	The higher the price per square metre, the higher the fair value.	If the price per square metre underlying the valuation model is 5% higher/lower, while all other variables were held constant, the carrying amount of the properties would increase/decrease by approximately S\$41,000.

Notes to the Consolidated Financial Statements

16. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at end of the reporting period are as follows:

	Carrying value S\$	Fair value – Level 3 S\$
As at 31 December 2018 and 31 December 2019		
No. 28 Sing Ming Lane #07-133, Singapore 573972	660,000	660,000
No. 28 Sing Ming Lane #07-134, Singapore 573972	700,000	700,000
No. 26 Sing Ming Lane #08-116, Singapore 573971	820,000	820,000
	2,180,000	2,180,000

There was no transfer into or out of Level 3 during the financial years ended 31 December 2019 and 2018.

17. TRADE RECEIVABLES

	As at 31 December	
	2019 S\$	2018 S\$
Trade receivables	9,869,339	11,820,884
Loss allowance	(68,567)	–
	9,800,772	11,810,884
Unbilled revenue (<i>Note a</i>)	55,515,978	41,018,530
	65,316,750	52,839,414

(a) Unbilled revenue relates to maintenance service rendered and yet to invoice the customer as at end of reporting period.

As at 1 January 2018, trade receivables from contracts with customers amounted to S\$22,239,624.

Notes to the Consolidated Financial Statements

17. TRADE RECEIVABLES (Continued)

The average credit terms to customers is approximately 30 days from the invoice date for trade receivables. The following is an analysis of trade receivables presented based on invoice date at the end of each reporting period:

	As at 31 December	
	2019	2018
	S\$	S\$
Less than 30 days	4,495,059	6,548,781
31 days to 60 days	1,950,240	3,487,258
61 days to 90 days	823,803 [^]	707,495 [^]
More than 90 days	2,531,670 [^]	1,077,350 [^]
	9,800,772	11,820,884

[^] Except for trade receivable being provided for loss allowance, all trade receivables have been substantially settled subsequent to the end of reporting period.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a default rate model by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The expected credit loss is not expected to be material for trade receivables from third parties in all days past due categories as management have assessed and concluded that the amounts are recoverable.

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

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers including government based customers and customers in similar industries which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contract terms.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Notes to the Consolidated Financial Statements

17. TRADE RECEIVABLES (Continued)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

Group	Lifetime ECL- credit-impaired S\$
Balance as at 1 January 2019	–
Loss allowance due to new trade receivables originated	68,567
Balance as at 31 December 2019	68,567

The Group does not charge interest or hold any collateral over these balances.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2019 S\$	2018 S\$
Deposits	3,309,737	3,110,886
Prepayments	90,488	208,634
Advances to staff	1,000	27,530
Others	63,903	112,631
	3,465,128	3,459,681

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

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

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

Include in deposits is deposits paid in 2018 amounted to S\$2,920,800 (2018: S\$2,920,800) for building of asphalt mixing plant pursuant to a contract entered by the Group with a third party with a total contract sum of S\$7,300,000. As this amount is refundable should the Group decided not to proceed with the contract, management has classified this amount as "current assets" as at year end.

Notes to the Consolidated Financial Statements

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2019 S\$	As at 31 December 2018 S\$
Contract assets		
Construction services	31,502,596	18,654,174
Construction ancillary services	–	264,630
	31,502,596	18,918,804
Contract liabilities		
Construction services	152,556	62,942

Contract asset and contract liability arising from same contract are presented on a net basis.

As at 1 January 2018, contract assets amounted to S\$9,632,230 and contract liabilities amounted to S\$ Nil.

Contract assets

Amounts relating to construction service are balances due from customers under construction contracts that arise when the revenue recognised to date exceeds the progress billings of the works performed. These amount are transferred to trade receivables when the right become unconditional and usually at the point at which it is invoiced to the customer.

A contract asset is recognised over the period in which the construction ancillary services are performed to present the Group's right to consideration for the services transferred to date.

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

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

There has been no change in the estimation techniques or significant assumptions made during the current financial period in assessing the loss allowance for the contract assets.

Notes to the Consolidated Financial Statements

19. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract liabilities

Contract liabilities relating to construction services are balances due to customers under construction contracts. These arise when progress billings exceeds the revenue recognised to date under the cost-to-cost method.

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

The Group's contract liabilities are analysed as follows:

	2019 S\$	2018 S\$
Construction contracts – current	152,556	62,942

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	2019 S\$	2018 S\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	62,942	–

None of the revenue recognised during the year relates to performance obligations that were satisfied in prior periods.

20. BANK DEPOSIT/BANK BALANCES AND CASH

As at 31 December 2019, the bank deposit of S\$200,000 (2018: S\$170,000) represents amount placed to a bank for securing overdraft facilities granted to the Group and will be released in 2020 (2018: released in 2019).

Bank balances and bank deposit carry interest at prevailing market interest rate of 0.18% and 0.5% respectively (2018: 0.18% and nil) per annum.

Notes to the Consolidated Financial Statements

21. TRADE AND OTHER PAYABLES

	As at 31 December	
	2019 S\$	2018 S\$
Trade payable	16,489,065	8,321,132
Retention payable	569,953	367,779
Accruals	4,894,706	5,323,357
Other payables		
GST payables	53,396	108,322
Payroll payable	1,409,727	1,720,495
Others	1,062,444	527,264
	24,479,291	16,368,349

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2019 S\$	2018 S\$
Within 90 days	9,031,513	5,042,822
91 days to 180 days	5,836,271	2,041,601
Over 180 days	1,621,281	1,236,709
	16,489,065	8,321,132

The credit period on purchases from suppliers and subcontractors is between 30 to 120 days (2018: 30 to 120 days) or payable upon delivery.

Notes to the Consolidated Financial Statements

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments As at 31 December 2018 S\$	Present value of minimum leases payments As at 31 December 2018 S\$
Amounts payable under finance lease		
Within one year	3,943,726	3,451,202
In more than one year but no more than two years	3,323,547	2,977,442
In more than two years but no more than five years	6,777,648	6,403,580
In more than five years	264,088	256,490
	14,309,009	13,088,714
<i>Less: future finance charges</i>	<i>(1,220,295)</i>	<i>–</i>
Present value of lease obligations	13,088,714	
<i>Less: Amounts due for settlement within one year (shown under current liabilities)</i>	<i>–</i>	<i>(3,451,202)</i>
Amounts due for settlement after one year	–	9,637,512

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the financial year ended 31 December 2018:

	As at 31 December 2018
Interest rates per annum	1.87% to 8.44%

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets (Note 14).

None of the subsidiaries had any debt securities outstanding as at 31 December 2019 and 2018 or at anytime during the year.

Notes to the Consolidated Financial Statements

23. LEASE LIABILITIES

	2019
	<i>S\$</i>
Analysed as:	
Non-current	10,096,917
Current	4,315,427
	14,412,344
Maturity Analysis	
Year 1	4,315,427
Year 2	3,890,803
Year 3	3,551,862
Year 4	2,217,388
Year 5	344,577
Onwards	92,287
	14,412,344

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Lease liabilities are monitored within the Group's treasury function.

All lease obligation are denominated in Singapore dollars.

Notes to the Consolidated Financial Statements

24. BORROWINGS

	As at 31 December	
	2019 S\$	2018 S\$
Bank overdrafts – secured (<i>Note a</i>)	6,974,371	4,332,062
Bank loans – secured		
Bank factoring (<i>Note b</i>)	3,367,913	2,910,361
Trade financing (<i>Note c</i>)	24,761,919	15,963,087
Other loans (<i>Note d</i>)	5,460,360	7,831,247
	40,564,563	31,036,757
Analysed as:		
Carrying amount repayable		
– on demand or within one year	37,312,486	25,576,374
– more than one year, but not exceeding two years	1,809,911	2,208,305
– more than two years, but not exceeding five years	579,580	2,293,990
– more than five years	862,586	958,088
	40,564,563	31,036,757
Less: Amounts due within one year shown under current liabilities	37,312,486	25,576,374
Amounts shown under non-current liabilities	3,252,077	5,460,383

Notes to the Consolidated Financial Statements

24. BORROWINGS (Continued)

Notes:

- a. The overdraft is secured by legal mortgages of the Group's properties disclosed in Notes 14 and 16 and corporate guarantees issued by Shuang Yun Holdings Limited.
- b. The loans are secured by floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and corporate guarantee issued by Shuang Yun Holdings Limited. The factoring arrangements are repayable within 45-90 days (2018: 90 days) upon the issuance of fund disbursement.
- c. The loans are secured by floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and corporate guarantee issued by Shuang Yun Holdings Limited. The loans are repayable within 90 to 150 days (2018: 45-150 days) upon the issuance of fund disbursement.
- d. The loans are secured by fixed and floating charges against the Group's assets, including legal deeds of assignment of rights, title and interests on certain construction contracts and corporate guarantee issued by Shuang Yun Holdings Limited and a legal mortgage over the properties disclosed in Notes 14 and 16.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December	
	2019	2018
Effective interest rate:		
Fixed rate borrowings (per annum)	8.5%	6.5% to 8.5%
Variable rate borrowings (per annum)	1.00%-3.5% above the bank's prevailing prime lending rate or prevailing three months Singapore Interbank Offered Rate ("SIBOR") plus 1.00% and 4.00%.	0.50%-3.50% above the bank's prevailing prime lending rate or prevailing three months SIBOR plus 1.20% and 4.00%.

Notes to the Consolidated Financial Statements

25. DEFERRED TAX LIABILITIES

	Accumulated tax depreciation S\$	Revaluation of buildings on leasehold S\$	Total S\$
At 1 January 2018	588,083	50,103	638,186
Charge to other comprehensive income for the year	–	49,506	49,506
Charge to profit or loss for the year	69,066	–	69,066
At 31 December 2018	657,149	99,609	756,758
Charge to other comprehensive income for the year	–	57,023	57,023
Charge to profit or loss for the year	447,753	–	447,753
At 31 December 2019	1,104,902	156,632	1,261,534

26. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 June 2017 with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each. The entire issued share capital of our Company, one fully paid share at par, was allotted and issued to an initial subscriber. On 21 June 2017, the initial subscriber transferred the one fully paid share to Jian Sheng, a company owned by Mr. Tan and Ms. Tan at par value.

On 20 October 2017, the authorised share capital of the Company was increased from HK\$380,000 to HK\$200,000,000 by the creation of an additional of 1,996,200,000 shares of HK\$0.10 each, each ranking pari passu with the shares then in issue in all respects.

As part of the Share Offer, the Company allotted and issued a total of 749,999,999 shares of the Company to Jian Sheng, credited as fully paid at par, by way of capitalisation of the sum of HK\$75,000,000 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”).

Notes to the Consolidated Financial Statements

26. SHARE CAPITAL (Continued)

In connection with the Company's initial public offering, 250,000,000 ordinary shares of HK\$0.10 each were issued at a price of HK\$0.56 per share (the "Share Offer"). Dealing in the shares on the Main Board of The Stock Exchange of Hong Kong Limited commenced on 15 November 2017. The net proceeds were approximately HK\$109.5 million in equivalent to S\$19 million.

	No. of shares	Per Value HK\$	Share Capital S\$
Authorised share capital of Shuang Yun Holdings Limited:			
At date of incorporation	3,800,000	0.10	380,000
Increase on 20 October 2017	1,996,200,000	0.10	199,620,000
At 31 December 2018 and 2019	2,000,000,000	0.10	200,000,000
	No. of shares	HK\$	S\$
Issued and fully paid:			
At date of incorporation	1	–	–
Shares issued under the Capitalisation Issue	749,999,999	75,000,000	13,043,608
Shares issued under the Share Offer	250,000,000	25,000,000	4,337,636
At 31 December 2018 and 2019	1,000,000,000	100,000,000	17,381,244

27. OPERATING LEASE COMMITMENTS

Before the adoption of IFRS 16 on 1 January 2019

The Group as lessee

	Year ended 31 December 2018 S\$
Minimum lease payment paid during each of the years under operating leases in respect of:	
Land lease	232,996
Staff dormitories, warehouse, office premise and heavy machineries	589,152
	822,148

Notes to the Consolidated Financial Statements

27. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee (Continued)

Future minimum rental payable under non-cancellable leases as at the end of reporting period were as follows:

	As at 31 December 2018
	<i>S\$</i>
Within one year	164,462
After one year but within five years	288,208
	<hr/> 452,670

The leases had tenures ranging from one to ten years and no contingent rent provision included in the contracts.

The Group as lessor

	Year ended 31 December 2018
	<i>S\$</i>
Minimum lease income received during each of the years under operating lease in respect of:	
– Lease of office premises	296,460
	<hr/> 296,460

At the end of reporting period, the Group had contracted with tenancy for the following future minimum lease payment:

	As at 31 December 2018
	<i>S\$</i>
Future minimum lease receivables	
Within one year	104,160
After 1 year but within 5 years	80,040
	<hr/> 184,200

The minimum rental receivables under non-cancellable leases as at the end of reporting period were within one year.

Notes to the Consolidated Financial Statements

27. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor (Continued)

After adoption of IFRS 16 on 1 January 2019

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of two years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	2019 S\$
Within one year	80,040
In the second year	6,000
Total	86,040

The following table presents the amounts reported in profit or loss:

	2019 S\$
Lease income on operating leases	245,060

Notes to the Consolidated Financial Statements

28. RETIREMENT BENEFIT PLANS

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. The Group contributes up to 17% (2018: 17%) of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S\$6,000 (2018: S\$6,000) per month.

The total costs charged to profit or loss, amounting to S\$469,230 and S\$426,924 for the years ended 31 December 2018 and 2019 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2018 and 2019, contributions of S\$96,930 and S\$78,785 respectively were accrued and the amount was paid subsequent to the end of the year.

29. RELATED PARTY TRANSACTIONS

Apart from disclosures made in Note 11, the Group entered into the following transactions with related parties during the financial years ended 31 December 2019 and 2018:

Compensation of key management personnel

The remuneration of directors and other members of key management during the financial years ended 31 December 2019 and 2018 were as follows:

	Year ended 31 December	
	2019 S\$	2018 S\$
Short-term benefits	1,474,800	1,473,300
Post-employment benefits	111,368	108,120
	1,586,168	1,581,420

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes leases liabilities and borrowings, as disclosed in Notes 23 and 24, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital, reserves and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

The Group's overall strategy remains unchanged during the current financial year.

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December	
	2019 S\$	2018 S\$
Financial assets		
– <i>Amortised cost</i>		
Trade receivables	65,316,750	52,839,414
Other receivables, deposits and prepayments*	3,374,640	3,251,047
Bank balances and cash	4,005,738	4,248,821
Bank deposit	200,000	170,000
	72,897,128	60,509,282
Financial liabilities		
– <i>Amortised cost</i>		
Trade and other payables**	18,121,462	9,216,175
Obligation under finance leases	–	13,088,714
Lease liabilities	14,412,344	–
Borrowings	40,564,563	31,036,757
	73,098,369	53,341,646

* *Prepayments are excluded.*

** *Accrued expenses, GST payables and payroll payable are excluded.*

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments, obligations under finance leases, and lease liabilities include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(a) **Market risk**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument, obligations under finance lease and lease liabilities will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and variable-rate borrowings. The Group is also exposed to fair value interest rate risk in relation to finance leases.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 December 2018 and 2019 would decrease/increase by approximately S\$155,184 and S\$202,823, respectively.

If interest rate of variable-rate bank balances had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 December 2018 and 2019 would increase/decrease by approximately S\$21,244 and S\$20,029 respectively.

Currency risk

The Group has certain bank balances denominated in HK\$ and RMB (2018: HK\$ and RMB) other than the functional currency of respective group entities, which expose the Group to foreign currency risk. The bank balances denominated in HK\$ and RMB are approximately S\$7,000 (2018: S\$11,000) and S\$29,000 (2018: S\$31,000), respectively.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

The Group has performed sensitivity analysis based on its exposure to movement of the foreign currency rate for monetary items at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

As at 31 December 2019 and 2018, no sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit before taxation arising from the effects of changes in foreign currencies.

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2018 and 2019.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

At 31 December 2019, the Group has certain concentration of credit risk of about 69% (2018: 61%) of total trade receivables which were due from 3 (2018: 3) customers. At 31 December 2019, the Group has certain concentration of credit risk of about 94% (2018: 93%) of total contract assets which were due from 3 (2018: 3) customers.

Those customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Management considered the credit risk on bank deposit, bank balances and cash were limited because the counterparties are banks with good credit standing. There had been no history of default in relation to those banks and the risk of default was regarded as low. No loss allowance was made for bank deposit, bank balances and cash.

Other than concentration of credit risk on bank balances placed in 8 banks (2018: 6 banks) in which the counterparties are financially sound, and on trade receivables and contract assets from 3 customers the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

At the end of each reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group develops and maintains its credit risk grading to categorise according to their degree of risk of default.

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

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

The assessment of the credit quality and exposure to credit risk of the Group's trade and other receivables have been disclosed in Notes 17 and 18. The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
31 December 2019						
Trade receivables	17	(i)	Lifetime ECL (simplified approach)	65,385,317	(68,567)	65,316,750
Contract assets	19	(i)	Lifetime ECL (simplified approach)	31,512,596	–	31,502,596
Other receivables	18	Performing	12-month ECL	3,374,640	–	3,374,640
					(68,657)	
31 December 2018						
Trade receivables	17	(i)	Lifetime ECL (simplified approach)	52,839,414	– [^]	52,839,414
Contract assets	19	(i)	Lifetime ECL (simplified approach)	18,918,804	– [^]	18,918,804
Other receivables	18	Performing	12-month ECL	3,251,047	– [^]	3,251,047
					– [^]	

[^] Amounts are not expected to be material to the financial statements.

(i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience and the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions (Note 17 and 19).

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its nonderivative financial liabilities and other items. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities and other items based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Weighted average interest rate	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total Undiscounted cash flows S\$	Carrying amount S\$
As at 31 December 2019								
<i>Non-interest bearing</i>								
Trade and other payables	N/A	18,121,462	-	-	-	-	18,121,462	18,121,462
<i>Interest bearing</i>								
Lease liabilities	2.02%-7.87%	1,298,708	1,222,516	2,323,822	10,604,809	93,485	15,543,340	14,412,344
Borrowings	2.20%-8.75%	35,707,783	603,581	1,207,162	2,851,751	960,676	41,330,953	40,564,563
		55,127,953	1,826,097	3,530,984	13,456,560	1,054,161	74,995,755	73,098,369
As at 31 December 2018								
<i>Non-interest bearing</i>								
Trade and other payables	N/A	9,216,175	-	-	-	-	9,216,175	9,216,175
<i>Interest bearing</i>								
Obligations under finance leases	1.87-8.44%	1,044,439	990,521	1,908,766	10,091,374	273,909	14,309,009	13,088,714
Borrowings	1.83-8.75%	24,229,559	577,761	1,112,744	4,547,134	1,069,565	31,536,763	31,036,757
		34,490,173	1,568,282	3,021,510	14,638,508	1,343,474	55,061,947	53,341,646

The Group's and the Company's non-derivative financial assets are due on demand or within one year and interest free.

Notes to the Consolidated Financial Statements

31. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(d) Fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate to their fair values except for lease liabilities as disclosed in Note 23.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December 2019 S\$	As at 31 December 2018 S\$
NON-CURRENT ASSET		
Investment in a subsidiary	1	1
CURRENT ASSETS		
Other receivables	14,940,514	14,992,751
Cash and bank balances	491,392	879,791
	15,431,906	15,872,542
CURRENT LIABILITIES		
Trade payables	6,344	6,344
Other payables	251,518	303,858
	257,862	310,202
Net current assets	15,174,044	15,562,340
Total assets less current liabilities, representing net assets	15,174,045	15,562,341
EQUITY		
CAPITAL AND RESERVES		
Share capital (Note 26)	17,381,244	17,381,244
Share premium	5,130,991	5,130,991
Other reserve	1	1
Accumulated losses	(7,338,191)	(6,949,895)
Equity attributable to owners of the Company	15,174,045	15,562,341

Notes to the Consolidated Financial Statements

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movement in reserves is as follows:

	Share premium	Other reserve	Accumulated losses	Total
At 1 January 2018	5,130,991	1	(4,500,211)	630,781
Loss for the year, representing total comprehensive loss	–	–	(2,449,684)	(2,449,684)
At 31 December 2018	5,130,991	1	(6,949,895)	(1,818,903)
Loss for the year, representing total comprehensive loss	–	–	(388,296)	(388,296)
At 31 December 2019	5,130,991	1	(7,338,191)	2,207,199

33. PARTICULARS OF SUBSIDIARIES

At the end of reporting period, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of operation and date of incorporation	Issued and fully paid capital		Equity interest attributable to the Company as at 31 December		Principal activities
		2018	2019	2018	2019	
<i>Directly held:</i>						
Shuang Yun (BVI)	BVI	US\$1	US\$1	100%	100%	Investment holding.
<i>Indirectly held:</i>						
Double-Trans	Singapore	S\$19,200,000	S\$19,200,000	100%	100%	Provision of mixed construction services, provision of domestic lorry transport and delivery services.
Samco	Singapore	S\$3,000,000	S\$3,000,000	100%	100%	Provision of road construction and other civil engineering work.
Shuang Yun Development Pte Ltd ⁽¹⁾	Singapore	S\$1	S\$1	100%	100%	Provision of road construction and general wholesale work.

None of the subsidiaries had any debt securities outstanding as at 31 December 2019 or at any time during the year.

⁽¹⁾ Shuang Yun Development Pte Ltd. was incorporated in Singapore on 1 October 2018 and remained as dormant as at year end.

Notes to the Consolidated Financial Statements

34. NON-CASH TRANSACTIONS

During financial year ended 31 December 2018, the additions to plant and equipment during the financial year were financed by new finance leases of S\$11,360,659 and amounts of S\$55,000 remain unpaid as at 31 December 2018.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings S\$	Obligations under finance leases S\$	Lease liabilities S\$	Bank deposit S\$	Total S\$
At 1 January 2018	27,621,791	8,195,426	–	(170,000)	35,647,217
Financing cash flows	1,815,496	(6,967,263)	–	–	(5,151,767)
<i>Non-cash changes</i>					
Finance cost recognised (<i>Note 8</i>)	1,599,470	499,892	–	–	2,099,362
New finance leases (<i>Note 34</i>)	–	11,360,659	–	–	11,360,659
At 31 December 2018	31,036,757	13,088,714	–	(170,000)	43,955,471
At 1 January 2019	31,036,757	–	13,953,512	(170,000)	44,820,269
Financing cash flows	7,759,830	–	(5,108,554)	(30,000)	2,621,276
<i>Non-cash changes</i>					
Finance cost recognised (<i>Note 8</i>)	1,767,976	–	618,998	–	2,386,974
New finance leases (<i>Note 34</i>)	–	–	4,948,388	–	4,948,388
At 31 December 2019	40,564,563	–	14,412,344	(200,000)	54,776,907

36. GUARANTEE

As at 31 December 2019 and 2018, the Company has provided a guarantee to banks in respect of loan facilities granted to the subsidiaries amounted to S\$52 million (2018: S\$43 million). The management is of the view that the fair value of the financial guarantees provided by the Company are not significant.

37. SUBSEQUENT EVENTS

The Group will pay close attention to the development of the outbreak of the COVID-19 subsequent to the end of the reporting period and its related impact on the Group's businesses and financial conditions. Based on current available information, the Group considers the event would not have a material impact to the Group's operations given that there has not been any major disruptions to on-going projects. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak, if any, on the Group's 2020 financial statements could be significantly different from estimates depending on how the situation evolves. The Group will closely monitor the situation and development in this regard. The consolidated financial statements of the Group for the financial period ended 31 December 2019 have not been adjusted for the financial effect as a result of the COVID-19 outbreak.

Five Years Financial Summary

RESULTS	Year ended 31 December				
	2015	2016	2017	2018	2019
	S\$	S\$	S\$	S\$	S\$
Revenue	44,632,963	51,469,726	65,640,278	90,783,991	112,271,679
Cost of services	(33,045,917)	(34,080,060)	(45,757,397)	(71,812,902)	(90,807,710)
Gross profit	11,587,046	17,389,666	19,882,881	18,971,089	21,463,960
Profit before taxation	6,639,593	8,115,548	3,883,362	4,119,053	7,172,157
Profit for the year	5,606,379	7,050,674	2,616,642	3,111,244	5,485,339
Basic earnings per share (S\$cents)	0.67	0.94	0.33	0.31	0.55

ASSETS AND LIABILITIES	Year ended 31 December				
	2015	2016	2017	2018	2019
	S\$	S\$	S\$	S\$	S\$
Non-current assets	14,279,251	23,994,805	25,307,868	32,217,913	33,061,161
Current assets	25,789,673	37,650,339	73,984,854	79,636,720	104,490,212
Current liabilities	21,446,619	29,693,785	42,453,260	46,651,939	67,829,043
Net current assets	4,343,054	7,956,554	31,531,594	32,984,781	36,661,169
Total assets less current liabilities	18,622,305	31,951,359	56,839,462	65,202,694	69,722,330
Total equity	12,724,916	19,872,662	45,995,094	49,348,041	55,111,802
Non-current liabilities	5,897,389	12,078,697	10,844,368	15,854,653	14,610,528
Total equity and non-current liabilities	18,622,305	31,951,359	56,839,462	65,202,694	69,722,330

Selected Major Items	Year ended 31 December				
	2015	2016	2017	2018	2019
	S\$	S\$	S\$	S\$	S\$
Property, plant and equipment	13,879,251	21,674,805	22,857,868	30,037,913	13,680,982
Right-of-use assets	–	–	–	–	17,200,179
Trade receivables	19,465,822	33,307,414	48,684,786	52,839,414	65,316,750
Bank balances and cash	1,180,596	395,514	15,426,789	4,248,821	4,005,738
Trade and other payables	9,164,868	9,604,379	15,450,656	16,368,349	24,479,291
Obligation under finance leases	5,891,500	8,623,470	8,195,426	13,088,714	–
Lease liabilities	–	–	–	–	14,412,344
Borrowings	10,415,523	21,010,966	27,621,791	31,036,757	40,564,563

Five Years Financial Summary

CASH FLOWS

	Year ended 31 December				2019 S\$
	2015 S\$	2016 S\$	2017 S\$	2018 S\$	
Net cash from (used in) operating activities	4,725,086	(784,311)	(7,795,168)	(5,850,340)	(2,034,606)
Net cash from (used in) investing activities	(1,827,978)	(6,435,061)	(1,702,227)	(175,861)	(829,753)
Net cash from (used in) financing activities	(3,246,501)	6,434,290	24,528,670	(5,151,767)	2,621,276

CAPITAL EXPENDITURES

	Year ended 31 December				2019 S\$
	2015 S\$	2016 S\$	2017 S\$	2018 S\$	
Payments for property, plant and equipment	1,419,846	7,168,517	2,019,703	296,190	1,229,081
Payments for right-of-use assets	–	–	–	–	137,847

DIVIDEND

	Year ended 31 December				2019 S\$
	2015 S\$	2016 S\$	2017 S\$	2018 S\$	
Total dividend	1,500,000	2,154,000	2,200,000	–	–