

# Wei Yuan Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1343

## 2019 ANNUAL REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ng Tian Soo (*Chairman*)  
Mr. Ng Tian Fah (*Chief Executive Officer*)

### Independent non-executive Directors

Mr. Gary Ng Sin Tong  
(alias Mr. Gary Huang Chendong)  
Ms. Lee Wing Yin Jessica  
Mr. George Christopher Holland

## AUDIT COMMITTEE

Ms. Lee Wing Yin Jessica (*Chairman*)  
Mr. Gary Ng Sin Tong  
(alias Mr. Gary Huang Chendong)  
Mr. George Christopher Holland

## REMUNERATION COMMITTEE

Mr. Gary Ng Sin Tong (*Chairman*)  
(alias Mr. Gary Huang Chendong)  
Mr. Ng Tian Fah  
Ms. Lee Wing Yin Jessica

## NOMINATION COMMITTEE

Mr. Ng Tian Soo (*Chairman*)  
Mr. Gary Ng Sin Tong  
(alias Mr. Gary Huang Chendong)  
Mr. George Christopher Holland

## COMPANY SECRETARY

Mr. Cheung Ka Chun

## AUTHORISED REPRESENTATIVES

Mr. Ng Tian Soo  
Mr. Cheung Ka Chun

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong

## COMPLIANCE ADVISER

Grande Capital Limited  
Room 2701, 27/F  
Tower One, Admiralty Center  
18 Harcourt Road  
Admiralty  
Hong Kong

## PRINCIPAL BANKERS

Maybank Singapore Limited  
2 Battery Road  
Maybank Tower  
Singapore 049907

United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza  
Singapore 048624

## REGISTERED OFFICE

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

## CORPORATE INFORMATION

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

37 Kranji Link  
Singapore 728643

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### CORPORATE WEBSITE

<http://www.weiyuanholdings.com>

### INVESTOR RELATIONS CONTACT

E-mail: [info@weiyuanholdings.com](mailto:info@weiyuanholdings.com)

### STOCK CODE

1343

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Wei Yuan Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the first annual report of the Group for the year ended 31 December 2019 (the "**Year**").

2020 has been an eventful year in the Group's history as we marked a significant milestone — our successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 March 2020. Prior to our listing, we have accumulated 28 years of deep experience in civil engineering utilities infrastructure and over the years, our Group has demonstrated strong abilities to add value to our infrastructure projects by leveraging on our expertise.

Looking ahead, our strategy would be to maintain sustainable growth in our business and creating long-terms shareholders' value. Whilst we are mindful of the challenges ahead, we firmly believe that the investments in our manpower, equipment and machineries, will increase our capacity of tender and allow us to undertake higher value projects concurrently to increase our market share in the industry.

On behalf of the Board, I would like to express my appreciation for the diligence and commitment of the management and staff. I would like to also extend our sincerest gratitude to shareholders, customers and business partners for your continued support.

**Wei Yuan Holdings Limited**

**Ng Tian Soo**

*Chairman and Executive Director*

30 March 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

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

## BUSINESS REVIEW AND PROSPECT

The core business and revenue structure of the Group have remained unchanged for the year ended 31 December 2019. The Group's operations are located in Singapore and our revenue and profit from operations are solely derived from contract works rendered within Singapore. The Group is actively involved as both main contractor and subcontractor in both private and public sector projects and the revenue was principally derived from (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste.

The Group believes the civil engineering utilities in Singapore will continue to grow steadily with major developments planned by the Singapore Government beyond 2019. We will continue to leverage on our various licenses and qualifications and deep experience in civil engineering utilities industry and to participate in the forthcoming projects to strengthen our position in Singapore market. We will continue to invest in manpower, equipment and machineries in order to maintain our edge in the market.

## ONGOING PROJECTS

As at 31 December 2019, the Group had 20 ongoing power cable installation projects, 2 telecommunication cable installation projects and 1 ongoing cable installation projects with an aggregated contract sum of approximately S\$344.8 million, of which approximately S\$73.2 million has been recognised as revenue up to 31 December 2019. The remaining balance will be recognised as our revenue in accordance with the respective stage of completion.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

Below is the financial review for the year ended 31 December 2019 (“FY2019”) compared to year ended 31 December 2018 (“FY2018”).

### Revenue

The following table sets out the breakdown of the Group’s revenue by goods and services types for FY2019 and FY2018, respectively.

	FY2019 S\$'000	FY2018 S\$'000
Revenue from contract works		
— Power	53,041	46,002
— Telecommunication	4,178	8,883
— Sewerage	879	968
Subtotal	58,098	55,853
Road milling and resurfacing services	6,264	6,928
Ancillary support and other services	984	980
Sales of goods and milled waste	639	969
Total	65,985	64,730

Our revenue increased by approximately S\$1.3 million from approximately S\$64.7 million in FY2018 to approximately S\$66.0 million in FY2019 representing an increase of approximately 1.9%, was mainly attributable to:

- (1) increase in revenue from contract works by approximately S\$2.2 million with combined effect of (i) the increase in revenue from power cable installation projects by approximately S\$7.0 million was mainly due to substantial progress of one of the projects with doubled revenue recognised in FY2019 compared to FY2018; (ii) the decrease in revenue from telecommunication cable installation projects by approximately S\$4.7 million was due to seven completed projects in FY2018 and decreased revenue recognition in one of the projects in FY2019 due to the respective project stage as contracted.
- (2) decrease in revenue from road milling and resurfacing services by approximately S\$0.7 million; and
- (3) decrease in revenue from sales of goods and milled waste by approximately S\$0.3 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Costs of sales

Our costs of sales slightly decreased from approximately S\$46.7 million in FY2018 to approximately S\$46.3 million in FY2019, representing a decrease of approximately 1.0%, primarily as a result of decrease in subcontracting charges incurred for certain projects undertaken during the year.

## Gross profits and gross profit margins

The Group's gross profit increased by approximately S\$1.7 million from approximately S\$18.0 million in FY2018 to approximately S\$19.7 million in FY2019, while the Group's gross profit margin increased by approximately 2.1% from approximately 27.8% in FY2018 to approximately 29.9% in FY2019.

The Group achieved better gross profit margin for FY2019 because the Group was able to reduce the reliance of subcontractors and improve the efficiency of our own workers for certain projects undertaken during FY2019. Moreover, the Group had a competitive edge over other competitors on a major power cable works project during FY2019 as we were able to command the new technology and methodology in cable tunnel projects as well as having the available cable laying machine to perform cable laying works in deep tunnel efficiently. These have contributed to the increased gross profit margins during the year.

## Other income and other gains, net

Other income and other gains, net increased by approximately S\$0.4 million from approximately S\$0.4 million in FY2018 to approximately S\$0.8 million in FY2019 was mainly attributable to the disposal of certain property, plant and equipment to a related company with a recognised gain of approximately S\$0.4 million.

## Administrative expenses

Our administrative expenses increased from approximately S\$6.5 million in FY2018 to approximately S\$10.6 million in FY2019. Such increase was mainly attributable to the one-off listing expenses of approximately S\$3.5 million incurred during the year.

## Finance income

The finance income mainly represented interest income from bank deposits and fixed deposits. It increased by approximately S\$12,000 during FY2019 mainly due to the increase in interest income generated from pledged bank deposits during the year.

## Finance costs

The finance costs mainly represented interest expense relating to our bank and other borrowings, lease liabilities and unwinding of discount of reinstatement costs. It increased from approximately S\$0.7 million in FY2018 to approximately S\$0.8 million in FY2019 as a result of the increase in bank and other borrowings from approximately S\$12.6 million as at 31 December 2018 to approximately S\$25.6 million as at 31 December 2019.

## Income tax expenses

Income tax expenses increased by approximately S\$0.2 million from approximately S\$1.9 million in FY2018 to approximately S\$2.1 million in FY2019, against a backdrop in the decrease of profit before tax of approximately S\$2.4 million from approximately S\$11.2 million in FY2018 to approximately S\$8.8 million in FY2019. This was due to the one-off listing expenses amounted to approximately S\$3.5 million incurred during FY2019 which was non-deductible for tax purpose.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit for the year and net profit margin

As a result of the foregoing, our profit for FY2019 decreased by approximately 27.0% to approximately S\$6.7 million due to the one-off listing expenses incurred amounted to approximately S\$3.5 million. After eliminating the impact of one-off listing expenses for FY2019, the adjusted net profit of the Group for FY2019 would amount to approximately S\$10.2 million, representing an increase of approximately 11.3% from FY2018, while our adjusted net profit margin (eliminating the impact of one-off listing expenses) would increase to approximately 15.5% for FY2019 from approximately 14.2% for FY2018 primarily due to the growth of our business.

## LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements are primarily attributable to our working capital for our business operations. Our principal sources of liquidity are cash generated from our operations and borrowings.

As at 31 December 2019, the Group maintained a healthy liquidity position with net current asset balance and cash and cash equivalents of approximately S\$19.1 million (2018: S\$11.8 million) and approximately S\$3.4 million (2018: S\$4.4 million) respectively.

### Borrowings

As at 31 December 2019, the Group had total borrowings (including bank and other borrowings and lease liabilities) of approximately S\$27.4 million (2018: S\$13.9 million).

### Gearing ratio

Gearing ratio is calculated as total borrowings (including bank and other borrowings and lease liabilities) divided by the total equity as at the reporting dates.

As at 31 December 2019, our gearing ratio was approximately 74.1% (2018: 44.3%). The fluctuation in our gearing ratio during the year was mainly due to the increase in bank and other borrowings incurred in FY 2019.

### Net debt to total capital ratio

Net debt to total capital ratio is calculated as net debts (i.e. lease liabilities, bank and other borrowings and net of cash and cash equivalents and pledged bank deposits) divided by total capital (i.e. net debts and total equity) as at the reporting dates.

As at 31 December 2019, our net debt to total capital ratio was approximately 38.3% (2018: 23.3%). The fluctuation in our net debt to total capital ratio was mainly due to the increase in bank and other borrowings incurred in FY2019.

### Capital expenditures

For FY2019, the Group incurred capital expenditures of approximately S\$3.5 million, primarily due to purchases of plant and equipment and motor vehicles.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Contingencies

As at 31 December 2019, our Group had performance bonds of guarantees for completion of projects issued by insurance companies amounting to approximately S\$13.7 million (2018: S\$5.3 million).

As at 31 December 2019, our Group also had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S\$2.0 million (2018: S\$1.6 million).

## Off-balance sheet arrangements and commitments

Our Directors confirm that as at the date of this report, other than the above contingencies, we did not have any off-balance sheet arrangements or commitments.

## Pledge of assets

As at 31 December 2019, the Group's investment properties of approximately S\$1.9 million (2018: S\$2.0 million), property of approximately S\$8.4 million (2018: S\$9.4 million) and bank deposits of approximately S\$1.0 million (2018: Nil) were pledged for the bank borrowings.

## Future plan for material investments and capital assets

As at the date of this report, the Group did not have any plans for material investments and capital assets.

## Significant investments, acquisitions and disposals

For FY2019, the Group did not have any significant investments, acquisitions or disposals, except for the reorganisation of the Group with details set forth in the Company's prospectus dated 25 February 2020 (the "Prospectus").

## Financial instruments

Our major financial instruments include trade receivables, other receivables excluding prepayments, cash and cash equivalents, pledged bank deposits, borrowings, trade payables and other payables excluding non-financial liabilities. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

## Foreign exchange exposure

The headquarters and principal place of business of the Group is in Singapore with our revenue and costs of sales mainly denominated in Singapore dollars, which is the functional currency of all the Group's operating companies.

However, as the shares of the Company have been listed on the Stock Exchange on 12 March 2020, the Group retains most of the listing proceeds from the Share Offering denominated in Hong Kong dollars amounting to approximately HK\$75.0 million that are exposed to fluctuations in foreign exchange rate risks. The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICIES

As at the 31 December 2019, we had 622 full time employees (2018: 532) who were directly employed by us and based in Singapore. The increase in number of employees was mainly due to the increase in the scale of the Group's business.

We offer remuneration package to our employees which includes salary and bonuses. Generally, we consider employees' salaries based on each of their qualifications, position and seniority. Our Company has an annual review system to appraise the performance of our employees, which constitutes the grounds of our decision as to the salary raises, bonuses and promotions.

## SIGNIFICANT EVENT AFTER REPORTING PERIOD

Since January 2020, Singapore and Malaysia have reported certain confirmed cases of Novel Coronavirus (the "**COVID-19**"). The Singapore Government has made numerous precautionary measures and the Malaysia Government has implemented Movement Control Order (the "**MCO**") from 18 March 2020 to 14 April 2020 which called for closure of all non-essential services. The outbreak of COVID-19 is affecting the usual business environment of both Singapore and Malaysia, the two jurisdictions in which the Group operates.

The Group has adopted precautionary and control measures to mitigate the impact of the COVID-19 to the Group's operations, including but not limited to flexible work-from-home practices and procurement of supplies for epidemic prevention and control. One of the joint ventures of the Group, SWG Alliance Pte. Ltd. and its subsidiaries (the "**SWG Group**") has temporarily suspended some of their Malaysia's operation due to the MCO imposed by the Malaysia Government. Management expects the SWG Group will resume into normal operation when the MCO is lifted.

Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.

Save as the above, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after FY2019.

## USE OF PROCEEDS FROM SHARE OFFERING

The amount of net proceeds from the Share Offering is approximately HK\$75.0 million after deducting underwriting commissions and all related expenses. As at the date of this report, the net proceeds from the Share Offering have not been used.

The net proceeds from Share Offering shall be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The Directors do not anticipate that there will be any material change to the proposed use of the net proceeds from the Share Offering.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DIVIDEND

During FY2018 and FY2019, we declared dividends of approximately S\$3.2 million and S\$1.2 million respectively to our then shareholders. All such dividends had been fully paid and we financed the payment of such dividends by internal resources.

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

## FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for FY2019.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Ng Tian Soo ("Mr. Ng TS")**, aged 60, was appointed as a managing director of Wee Guan Construction Pte Ltd ("WGC") on 18 April 1991 and was re-designated as an executive Director of the Group on 29 July 2019. He also serves as the chairman of the Board and is the chairman of the nomination committee of the Company. He is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure the organisation's objectives are met. Mr. Ng TS also serves as a director in Wee Guan Corporation Pte. Ltd. ("WG Corp"), WGC, Hydrojack Engineering Pte. Ltd. ("HDJ") and Road Builders Singapore Pte. Ltd. ("RBS"), which all belong to the subsidiaries of the Company. He is also a director of WG INTERNATIONAL (BVI) LIMITED ("WGI (BVI)"), a controlling shareholder of the Company. Mr. Ng TS has over 28 years of experience in the construction industry in Singapore. Mr. Ng TS has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in December 2017. He is the brother of Mr. Ng Tian Fah, Mr. Ng Tian Kew ("Mr. Ng TK") and Ms. Ng Mei Lian ("Ms. Ng ML"), and father of Mr. Ng Choon Tat ("Mr. Ng CT") and Mr. Ng Choon Wee ("Mr. Ng CW").

**Mr. Ng Tian Fah ("Mr. Ng TF")**, aged 50, was appointed as a director of WGC on 1 March 2010 and was re-designated as an executive Director of the Group on 29 July 2019. He also serves as the chief executive officer of the Group and is the member of the remuneration committee of the Company. He is primarily responsible for the planning and directing the Group's construction function, overseeing all major construction programmes to ensure all projects are consistent with the Group's goals as well as the timeliness of the progress and completion, that are within budget and has adhered to pre-established specifications. Mr. Ng TF is also a director of WG Corp, WGC and HDJ, which all belong to the subsidiaries of the Company. He is also a director of WGI (BVI), a controlling shareholder of the Company. Mr. Ng TF has over 25 years of experience in the construction industry in Singapore. Mr. Ng TF has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in July 2018. He is the brother of Mr. Ng TS, Mr. Ng TK and Ms. Ng ML, and uncle of Mr. Ng CT and Mr. Ng CW.

### Independent non-executive Directors

**Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)**, aged 46, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the chairman of remuneration committee and a member of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

Mr. Ng is appointed as chief operating officer of Bright Point Capital Pte Ltd. in March 2020. He was a director of research of SooChow CSSD Capital Markets (Asia) Pte. Ltd. from January 2020 to March 2020. He joined TriReme Medical (Singapore) Pte Ltd in February 2015 and was an executive director of QT Vascular Ltd., a company listed on the Singapore Exchange Limited from August 2015 to May 2019 where he was responsible for capital market activities. Mr. Ng has approximately 10 years of experience in investment banking. He joined CGS-CIMB Research Pte. Ltd. as an associate vice president of the institutional research department between July 2005 and August 2007. He worked as a credit research analyst of the global markets centre in Deutsche Bank AG, Singapore Branch between September 2007 and June 2008. He was a vice president of the research department in CGS-CIMB Research Pte. Ltd. between June 2008 and February 2015.

Mr. Ng completed a diploma in economics at University of London in August 1998. He received a bachelor's degree in banking and finance at University of London in August 2000.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Lee Wing Yin Jessica**, aged 50, was appointed as the independent non-executive Director on 18 February 2020. She also serves as the chairman of audit committee and a member of the remuneration committee of the Company. She is primarily responsible for providing independent advice to the Board.

She is a director of DLK Advisory Limited since May 2016, in which she provides financial consulting and planning services to clients, manages the finance, human resources and administration teams and involves in the business development of the company. Ms. Lee has over 20 years of experience in accounting field, which she has gained from her previous positions in various companies tracing back to November 1994. She joined Kerry Properties (H.K.) Limited (HK stock code: 683), a property developer in Hong Kong as an accounts clerk in November 1994 and held her last position as a senior accounts clerk in July 1999. She was with MiTek Australia Limited, a manufacturer of construction materials in Australia, as an accountant between May 2000 and February 2002. Ms. Lee was a financial controller of FinMaster Financial Planning Limited from June 2002 to October 2003. She worked as a senior accountant of Diarough (Hong Kong) Limited between November 2003 and October 2004. She then joined Pico International (HK) Limited (HK stock code: 752) as an accountant in November 2004 and held her last position as a financial controller in April 2016.

Ms. Lee received a bachelor's degree in economics and a master's degree in business administration through part-time study from Monash University in October 1994 and November 2001, respectively. She was admitted as a certified practising accountant of the Australia Society of Certified Practising Accountants in October 1998 and an associate of the Hong Kong Institute of Certified Public Accountants in March 1999.

**Mr. George Christopher Holland**, aged 46, was appointed as the independent non-executive Director on 18 February 2020. He also serves as the member of audit committee and nomination committee of the Company. He is primarily responsible for providing independent advice to the Board.

He is a co-founder of Holland & Marie since January 2018, in which he is responsible for management and operation of the firm. Mr. Holland has approximately 20 years of experience in legal and compliance matters. He worked at Clifford Chance between September 1999 and October 2010. He worked at Religare Capital Markets Pte Ltd. between November 2010 and September 2018, during which period he served in various roles, including general counsel.

Mr. Holland received a bachelor's degree in philosophy from University of Virginia in May 1996. He also received a juris doctor degree from Duke University School of Law in May 1999.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### Senior management

**Ms. Ng Nguk Eng**, aged 65, joined the Group on 1 July 2015 as the Group financial controller. She is responsible for managing accounting operations and reporting, taxation, financial planning and internal control systems. Ms. Ng has over 30 years of experience in accounting and financial management. Before joining the Group, she worked as an accountant in Oriental Timber Trading Co., Sin Chiao Shipping Pte Ltd., Chuan Hiang Co., (Pte) Ltd., and Active Building & Civil Construction (Pte) Ltd., between February 1979 and January 1980, April 1980 and August 1981, September 1981 and October 1982, October 1982 and July 1985, respectively. She later on joined Manhattan Press (H.K.) Ltd. between August 1987 and February 1989 as a finance and administration manager. She joined OCK Construction Pte. Ltd. as an accountant in May 1989 and was held her last position as financial controller in February 1992. Ms. Ng then became a senior accounts manager of Econ International Ltd. from June 1992 to July 1997. She was the financial controller of Ho Lee Group Pte Ltd from July 1997 until November 2001. She returned to Econ International Ltd. to be their overseas financial controller from December 2001 to August 2002. In September 2002 to December 2004, Ms. Ng shifted to work for Econ-NCC J.V. as an accounts manager. From January 2005 until December 2009, she worked as a financial controller for Evergro Properties Limited (formally known as Dragon Land Limited). She became a senior manager of Group Finance in Rotary Engineering Limited during March 2010 to January 2011. She worked as a financial controller in Microlight Sensors Pte. Ltd. from October 2012 to February 2013. She then worked as a part-time financial controller again for Microlight Sensors Pte. Ltd. in June 2013 to October 2014. Ms. Ng took up the role as a director and business advisory in Le Yu Corporate Advisory Pte. Ltd. during the course of April 2014 to October 2014. She joined the Group in January 2015 as a part-time personal assistant (finance) to managing director until March 2015. Starting from April 2015, she got promoted to be the head of managing director's personal assistant until June 2015.

Ms. Ng obtained her bachelor of commerce in Nanyang University in August 1976. She was admitted to the degree of Master of Business Administration through distance learning with the University of Leeds in June 1999. Most recently, she has been awarded a diploma in business translation and interpretation skills from the Nanyang Technological University in January 2013. Ms. Ng has been admitted as a certified public accountant in February 1989 by The Institute of Certified Public Accountants of Singapore. She then became an associate member of The Chartered Association of Certified Accountants in July 1990. She became a fellow member of The Association of Chartered Certified Accountants in July 1995, a fellow chartered accountant of Singapore of The Institute of Singapore Chartered Accountants in June 2006 and a fellow member of CPA Australia in October 2009.

**Mr. Teoh Chin Ching**, aged 41, joined the Group in August 1998 and is now a senior project manager who is responsible for overseeing the operations of projects. Mr. Teoh has over 21 years of experience in the construction industry in Singapore. He was a site supervisor of the Group between August 1998 and October 1999 and was mainly responsible for site supervision of trenching workers. He was then promoted as a project coordinator in November 1999, in which he had to carry out coordination work for mill and patch operations. In 2010, he became a project manager and was obliged to overseeing the operations of projects such as cable installation projects. On 1 January 2018, Mr. Teoh got promoted as a senior project manager of the Group. Mr. Teoh obtained a diploma in mechanical engineering from Institut Teknologi Pertama in December 2003. He has been awarded the certificate in building construction safety supervisors from Building and Construction Authority in May 2000. He has further achieved certificate in pavement construction and maintenance from the Building and Construction Authority in November 2002. In December 2009, he had completed a construction safety course for project managers provided by Absolute Kinetics Consultancy Pte. Ltd.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Ng Choon Tat ("Mr. Ng CT")**, aged 36, joined the Group in December 2013 as the project engineer of WGC and he was promoted as a project manager in November 2016. Mr. Ng CT is responsible for overseeing the operations of projects under the direction of the senior project manager. Mr. Ng CT is the son of Mr. Ng TS, nephew of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and brother of Mr. Ng CW. Mr. Ng CT has about 8 years of experience in engineering. From September 2011 to August 2013, he has worked as an engineer with Eastern Green Power Pte. Ltd. Mr. Ng CT first obtained a diploma in electrical engineering in Ngee Ann Polytechnic in July 2005, he later on attained bachelor's degree in electrical engineering with Queensland University of Technology in July 2011.

**Mr. Wong Kong Wei**, aged 34, joined the Group in January 2016 as a project engineer and he was promoted as a project manager in January 2018. Mr. Wong is responsible for overseeing the operations of projects under the direction of the senior project manager. Mr. Wong has about 8 years of experience in the construction industry in Singapore. Prior to the position in the Group, he was a project engineer at Samwoh Corporation Pte Ltd from May 2010 to December 2010. He was a project engineer in Or Kim Peow Contractors (Pte) Ltd. from December 2010 to June 2014. Mr. Wong first obtained his diploma in civil and structural engineering from Singapore Polytechnic in March 2007. He later gained his bachelor's degree in civil engineering from the Nanyang Technological University in June 2010. Further, he had completed another bachelor's degree in economics and finance with RMIT University in December 2015.

**Mr. Ng Choon Wee ("Mr. Ng CW")**, aged 34, joined the Group in July 2015 as a finance manager which is mainly responsible for accounts and finance team management. Mr. Ng CW is a director of Wee Guan Engineering Pte Ltd and Wee Guan Logistics Pte. Ltd., which all belong to the subsidiaries of the Company. Mr. Ng CW has over 9 years of experience in the finance and accounting field. Prior to his engagement with the Group, he has worked in finexis advisory Pte Ltd acting as a financial consultant, from May 2010 to April 2012. From October 2012 to April 2013, he was employed by United Overseas Bank Limited as a personal banking associate. In June 2013, he then joined Oversea-Chinese Banking Corporation Limited being a personal financial consultant, until September 2013. Mr. Ng CW engaged with Le Yu Corporate Advisory Pte. Ltd as an executive during September 2013 to October 2014. Mr. Ng CW first obtained a diploma in business information technology in Ngee Ann Polytechnic in June 2006. He obtained a bachelor of commerce in the University of Queensland in December 2009. Mr. Ng CW was later admitted to a degree of master in applied finance with the University of Adelaide through distance learning programme in March 2012. Mr. Ng CW is the son of Mr. Ng TS, nephew of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and brother of Mr. Ng CT.

# DIRECTORS' REPORT

The Directors are pleased to present their first annual report together with the audited financial statements of the Company and the audited combined financial statements (the "**Combined Financial Statements**") of the Company and its subsidiaries (together "**the Group**") for the Year. The Combined Financial Statements are not statutory financial statements of the Company and are presented solely for the purpose of providing users with the information to understand the Group's financial position as at 31 December 2019, its performance and cash flows for the year ended 31 December 2019 for all subsidiaries comprising the Group as the group reorganisation has not been completed as of 31 December 2019.

## CORPORATE REORGANISATION AND SHARE OFFER

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 May 2019.

In preparation for the Listing, the companies comprising the Group underwent a reorganisation (the "**Reorganisation**"). Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 12 February 2020. Details of the Reorganisation are set out in the Company's Prospectus.

The shares of HK\$0.01 each of the Company (the "**Shares**") were successfully listed on the Stock Exchange on 12 March 2020.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 1.1 to the Combined Financial Statements. The results of the Group for the Year are set out in the section headed "Combined Statement of Comprehensive Income" on page 75 in this report.

The business review of the Group for the Year are set out in the section headed "Management Discussion and Analysis" on pages 5 to 11 of this annual report. The discussion therein forms part of the report of Directors.

## FINANCIAL SUMMARY

A summary of the combined statement of comprehensive income and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited combined financial statements is set out on page 144 of this annual report. This summary published does not form part of the audited Combined Financial Statements.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to building an environmentally-friendly corporation and minimising our impact on the environment. Discussion on the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" on pages 37 to 48 in this report.

# DIRECTORS' REPORT

## COMPLIANCE WITH LAWS AND REGULATIONS

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

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

## RELATIONSHIP WITH KEY PARTIES

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

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

### Customers

Our customers include (i) energy utilities companies; (ii) telecommunications companies; (iii) main contractors of various infrastructure development projects in Singapore; (iv) others which mainly represented by asphalt premix suppliers and contractors of various infrastructure development projects which our Group did not provide any services under contract works.

During the Year, revenue derived from the Group's largest and top five customers in aggregate accounted for approximately 29.9% (2018: 28.8%) and approximately 78.9% (2018: 77.6%) of the total revenue, respectively.

### Suppliers and subcontractors

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

During the Year, the Group's largest and top five suppliers in aggregate accounted for approximately 8.2% (2018: 12.1%) and approximately 21.0% (2018: 21.3%) of total purchases, respectively. Whereas, the Group's largest and top five subcontractors in aggregate accounted for approximately 5.5% (2018: 8.3%) and approximately 23.9% (2018: 25.9%) of total purchases, respectively.



# DIRECTORS' REPORT

## Employees

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

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

## PRINCIPAL RISKS AND UNCERTAINTIES

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

### 1. Customer concentration risk

As at 31 December 2019, our top five customers in aggregate accounted for approximately 78.9% of our total revenue and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect our business, operations and financial results. There is no assurance that these top five customers will continue to use our services at fees acceptable to our Group. If any of our top five customers were to terminate their business relationship with us entirely, there can be no assurance that we would be engaged by other customers to replace any such loss. In addition, if any of our customers fail to settle our invoice in accordance with the agreed credit terms, our Group's working capital position may be adversely affected. Bad debt provisions or write-offs may also be required for receivables, which will have an adverse effect on our profitability. If there is a change in our customers' creditworthiness, our results of operations would be materially and adversely affected.

### 2. Non-recurring nature of our projects

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

# DIRECTORS' REPORT

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

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

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

## PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes for the Group are set out in Note 14 to the Combined Financial Statements. As at 31 December 2019, the Company did not own any investment property.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 13 to the Combined Financial Statements. As at 31 December 2019, the Company did not own any property, plant and equipment.

## SHARE CAPITAL

Details of the movement in share capital during the Year for the Company and the Group are set out in Note 10 to the audited financial statement of the Company and Note 28 to the Combined Financial Statements, respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company has no distributable reserves.

## DIVIDEND POLICY

The Company has adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, as dividends to the shareholders of the Company. The Board adopted the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the provisions of the amended and restated articles of association (the "**Articles of Association**") of the Company and all applicable laws and regulations and the factors set out below.

## DIRECTORS' REPORT

The Board shall also take into account various factors of Company and its subsidiaries when considering the declaration and payment of dividends such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends, and any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and its subsidiaries and the various factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend, and any distribution of profits that the Board may deem appropriate. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

### FINAL DIVIDEND

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

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the date of listing of the Shares on the Stock Exchange on 12 March 2020 (the "**Listing Date**").

### PRE-EMPTIVE RIGHTS

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

### EQUITY-LINKED AGREEMENTS

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

### DEBENTURES ISSUED

The Company did not have any debentures in issue during the Year.

### CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 29 to 36 in this report.

### ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company will be held on 3 June 2020 and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

# DIRECTORS' REPORT

## DIRECTORS

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

### Executive Directors:

Mr. Ng Tian Soo (*Chairman*)

(appointed as Director on 15 May 2019 and re-designated as executive Director on 29 July 2019)

Mr. Ng Tian Fah (*Chief Executive Officer*)

(appointed as Director on 15 May 2019 and re-designated as executive Director on 29 July 2019)

### Independent non-executive Directors:

Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong)

(appointed on 18 February 2020)

Ms. Lee Wing Yin Jessica

(appointed on 18 February 2020)

Mr. George Christopher Holland

(appointed on 18 February 2020)

In accordance with articles 83–84 of the Articles of Association, all the Directors 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.

## DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 12 March 2020. The term of service shall be renewable automatically for successive terms of three years each commencing from the day next after the expiry of the current term of the appointment, unless and until terminated by either party giving to the other not less than three month's prior notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from 12 March 2020 subject to retirement by rotation and re-election in accordance with the Articles of Association.

None of the Directors, including those to be re-elected at the AGM, has a service contract or appointment letter with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

# DIRECTORS' REPORT

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 12 to 15 of this annual report.

## MANAGEMENT CONTRACTS

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

## EMOLUMENT POLICY

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

## DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

The Directors' emoluments are subject to shareholders' approval at AGM of the Company. Other emoluments are determined by the Board with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group. Our Company also adopted share option scheme as an incentive to our Director and senior management.

Details of the Directors' emoluments and five highest paid individuals are set out in Note 9 and Note 33(a) to the Combined Financial Statements of this annual report.

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

## PERMITTED INDEMNITY PROVISIONS

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

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



# DIRECTORS' REPORT

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

Save for the service contract/letter of appointment with the Directors and related party transactions as disclosed in Note 30 to the Combined Financial Statements, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

## NON-COMPETITION UNDERTAKING

WG INTERNATIONAL (BVI) LIMITED, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai Kwee Lim (collectively the "**Covenantors**") entered into a deed of non-competition dated 18 February 2020 (the "**Deed of Non-Competition**") in favour of the Company and had jointly and severally undertaken and covenanted with the Company (for itself and as trustee of its subsidiaries) that he or it shall not, and shall procure entities or companies controlled by him or it (other than members of the Group) not to at any time during the period that the Deed of Non-Competition remains effective, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise), partnership or joint venture carry on, engage, participate, hold any rights or interest in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the business of provision of civil engineering utilities works and any other business conducted by the Group for time to time (the "**Restricted Business**"), save for the holding of not more than 10% shareholding interests (individually or any of the Covenantors with their associates (with meaning ascribed to it under the Listing Rules on the Stock Exchange collectively) in any listed company in Hong Kong.

Each of the Covenantors had further jointly and severally undertaken and covenanted with the Company that if any new business opportunity relating to the Restricted Business (the "**New Business Opportunity**") was made available to any of the Covenantors or their respective associates, directly or indirectly, whether individually or together (other than members of the Group), he or it will direct or procure the relevant respective associates to direct the New Business Opportunity to the Group with such required information to enable the Group to evaluate the merits of the relevant New Business Opportunity. The relevant Covenantor will provide or procure the relevant respective associates to provide the Group with all such reasonable assistance to secure such the New Business Opportunity.

As the Shares were listed on the Listing Date, the covenants of the Covenantors had not come into effect as at 31 December 2019.

# DIRECTORS' REPORT

## SHARE OPTION SCHEME

The shareholders of our Company approved and adopted a share option scheme on 18 February 2020 (the “**Share Option Scheme**”) to enable our Company to grant options to eligible participants as incentives and rewards for their contribution to our Group. The Share Option Scheme took effect on the Listing Date and no option has been granted up to the date of this report.

The following is a summary of the principal terms of the Share Option Scheme:

### (a) Who may participate and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser, substantial shareholder and distributor, contractor, supplier, agent, customer, business partner or service provider of any member of our Group, options to subscribe at a price calculated in accordance with paragraph (b) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (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.

### (b) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the normal value of a Share on the date of grant of the option.

For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

### (c) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

### (d) Maximum number of shares in respect of which options may be granted

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options granted under any other share option scheme of the Company must not in aggregate exceed 10% of the Shares in issue as of the Listing Date, representing 106,400,000 share of the Company, unless our Company obtains a fresh approval.

# DIRECTORS' REPORT

## (e) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such participant and his close associates abstaining from voting. In such event, our Company must send a circular to the shareholders containing the identity of the participant, the number and terms of the options to be granted (and options previously granted to such person), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

## (f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

## (g) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

## (h) Duration of Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption, 18 February 2020 and expiring at the close of the business on the business day immediately preceding the tenth anniversary thereof.

## RETIREMENT BENEFIT SCHEME

Our Group participated in retirement benefit schemes in accordance with the relevant rules and regulations in Singapore. Particulars of the retirement benefit schemes are set out in Note 9 to the Combined Financial Statements.

## SUBSIDIARIES

Details of the Company's principal subsidiaries as of 31 December 2019 are set out in Note 1.1 to the Combined Financial Statements.

# DIRECTORS' REPORT

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

As at 31 December 2019, the Shares were not listed on the Stock Exchange. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO"), Section 352 of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were not applicable.

As of the date of this report, the interests and short positions of the Directors and chief executive 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 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

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ng TS (Note)	Interest in controlled corporation	798,000,000	75%
Mr. Ng TF (Note)	Interest in controlled corporation	798,000,000	75%

Note: 798,000,000 Shares are held by WG INTERNATIONAL (BVI) LIMITED ("WGI (BVI)") which is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL. Pursuant to the concert parties confirmatory deed entered on 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.

### (b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. Ng TS (Note)	WGI (BVI)	Beneficial owner	16,500	33%
Mr. Ng TF (Note)	WGI (BVI)	Beneficial owner	14,000	28%

Note: The Company is owned as to 75% by WGI (BVI). WGI (BVI) is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL.

# DIRECTORS' REPORT

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

As at 31 December 2019, the Shares were not listed on the Stock Exchange. So far as the Directors are aware, as at the date of this report, 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
WGI (BVI) (Note 1)	Beneficial owner	798,000,000	75%
Mr. Ng TS (Note 1)	Interest in controlled corporation	798,000,000	75%
Mr. Ng TF (Note 1)	Interest in controlled corporation	798,000,000	75%
Mr. Ng TK (Note 1)	Interest in controlled corporation	798,000,000	75%
Ms. Ng ML (Note 1)	Interest in controlled corporation	798,000,000	75%
Mr. Chai KL (Note 1)	Interest in controlled corporation	798,000,000	75%
Ms. Pang Kip Moi (Note 2)	Interest of spouse	798,000,000	75%
Ms. Phang May Lan (Note 3)	Interest of spouse	798,000,000	75%
Ms. Tang Siaw Tien (Note 4)	Interest of spouse	798,000,000	75%
Mr. Chen Teck Men (Note 5)	Interest of spouse	798,000,000	75%

Notes:

1. 798,000,000 Shares are held by WGI (BVI) which is beneficially owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL. Pursuant to the concert parties confirmatory deed entered on 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL become parties acting in concert and they are deemed to be interested in the Shares held by WGI (BVI) pursuant to the SFO.
2. Ms. Pang Kip Moi is the spouse of Mr. Ng TS. Accordingly, Ms. Pang Kip Moi is deemed, or taken to be, interested in all the Shares that Mr. Ng TS is interested in by virtue of the SFO.
3. Ms. Phang May Lan is the spouse of Mr. Ng TF. Accordingly, Ms. Phang May Lan is deemed, or taken to be, interested in all the Shares that Mr. Ng TF is interested in by virtue of the SFO.
4. Ms. Tang Siaw Tien is the spouse of Mr. Ng TK. Accordingly, Ms. Tang Siaw Tien is deemed, or taken to be, interested in all the Shares that Mr. Ng TK is interested in by virtue of the SFO.
5. Mr. Chen Teck Men is the spouse of Ms. Ng ML. Accordingly, Mr. Chen Teck Men is deemed, or taken to be, interested in all the Shares that Ms. Ng ML is interested in by virtue of the SFO.



# DIRECTORS' REPORT

## RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

During the Year, we had entered into certain related party transactions as set out in Note 30 to the Combined Financial Statements, which had been discontinued prior to the Listing. While our Group also has entered into certain continuing connected transactions which are fully exempted and not subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules. For further details, please refer to the section headed "Connected Transactions" in the Prospectus.

## TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

## SUFFICIENCY OF PUBLIC FLOAT

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

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events after the balance sheet date are set out in Note 14 to the audited financial statements of the Company and Note 35 to the Combined Financial Statements.

## AUDITOR

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

By order of the Board

**Wei Yuan Holdings Limited**

**Ng Tian Soo**

*Chairman and Executive Director*

30 March 2020

# 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 (the “**Stock Exchange**”) as its own code on corporate governance practices.

Throughout the period from the date of listing of the Shares of the Company on the Stock Exchange on 12 March 2020 (the “**Listing Date**”) to the date of this report, the Company complied with the code provisions set out in the CG Code.

## BOARD OF DIRECTORS

The Company is governed by the Board which is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure achieving the organisation’s objectives; planning and directing the Group’s construction function, overseeing all major construction programmes to ensure all projects consistent with the Group’s goals as well as the timeliness of the progress and completion within budget and adhered to pre-established specifications; and providing independent advice to the board of the Company. The Board sets the overall policies, strategy and directions for the Group with a view to developing its business and enhancing the shareholders 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 senior management of the Company which are management of accounting operations and reporting, taxation, financial planning and internal control systems; and overseeing day-to-day management, the operations of projects and accounts and finance team management.

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company’s policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of directors and senior management and the Company’s policies and practices on compliance with legal and regulatory requirements and etc. The Board held meetings from time to time whenever necessary.

During the year, the Board reviewed the effectiveness of the risk management and internal controls systems of the Group.

The Board currently comprises, two executive Directors, namely Mr. Ng Tian Soo (chairman), Mr. Ng Tian Fah (chief executive officer), and three independent non-executive Directors (the “**INED**”), namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica, and Mr. George Christopher Holland.

Mr. Ng Tian Soo is the brother of Mr. Ng Tian Fah, Mr. Ng Tian Kew and Ms. Ng Mei Lian, and father of Mr. Ng Choon Tat and Mr. Ng Choon Wee.

No regular board meeting and general meeting was held during the year ended 31 December 2019 as the Company was listed on the Stock Exchange on 12 March 2020. A board meeting was held on 30 March 2020 to consider and approve the annual results of the Company for the year ended 31 December 2019; convene the annual general meeting of the Company and review the compliance with the CG Code and the disclosure in the corporate governance report.

# CORPORATE GOVERNANCE REPORT

The Company expects to convene at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code.

During the year ended 31 December 2019, trainings have been attended by all Directors, Mr. Ng Tian Soo, Mr. Ng Tian Fah, Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland, covering a wide range of topics including directors' duties, inside information, continuing obligations of listed company, notifiable transactions, connected transactions and environmental, social and governance.

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 Directors, 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 letter of appointment of Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland is for a period of three years till March 2023. The non-executive directors of the Company are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting pursuant to the amended and restated articles of association (the "**Articles of Association**") of the Company.

## BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") to continuously seeks to enhance the effectiveness of its Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom. The Company endeavours 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 maximise the Board's effectiveness.

The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, background, race, gender and other qualities etc. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. While we recognise that gender diversity at the Board level can be improved, the Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

# CORPORATE GOVERNANCE REPORT

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 throughout the period from the Listing Date to the date of this report. The Company will from time to time reiterate and provide reminder to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to Directors’ dealings in securities of the Company.

## REMUNERATION COMMITTEE

The Company established a remuneration committee of the Company in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee of the Company comprises one executive Director, namely Mr. Ng Tian Fah, and two INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Ms. Lee Wing Yin Jessica. The remuneration committee of the Company is chaired by Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong).

The primary duties of the remuneration committee of the Company 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; review and approve the management’s remuneration proposals and make recommendations to the Board on remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company’s performance, other companies in the industry in which the Group operates and current market practice. The remuneration committee of the Company adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

No remuneration committee meeting was held during the year ended 31 December 2019 as the Company was listed on the Stock Exchange on 12 March 2020.

A remuneration committee meeting of the Company was held on 30 March 2020 to review and approve the annual report, annual results announcement and circular regarding the remuneration and service contracts of the Directors.

Details of emoluments of the Directors for the year are disclosed in Note 33(a) to the Combined Financial Statements and the retirement benefit scheme is disclosed in Note 33(b) to the Combined Financial Statements.

## NOMINATION COMMITTEE

The Company established a nomination committee of the Company (the “**NC**”) in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The NC comprises one executive Director, namely Mr. Ng Tian Soo, and two INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Mr. George Christopher Holland. The NC is chaired by Mr. Ng Tian Soo.

The primary duties of the NC are to review the structure, size and composition of the Board, consider inter alia the skills, knowledge and experience, length of service and the breadth of the Board as a whole; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; make recommendations to the Board on the appointment or re-appointment of Directors and formulate nomination policy for consideration of the Board.

# CORPORATE GOVERNANCE REPORT

The NC is to identify and evaluate a candidate for nomination to the Board for appointment or the shareholders of the Company for election, as a director of the Company. The NC shall consider a number of factors in making nominations, including but not limited to the following:

- Skills and experience: The candidate should possess the skills, knowledge and experience which are relevant to the operations of the Company and its subsidiaries;
- Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company and the balance of skills and experience in board composition;
- Commitment: The candidate should be able to devote sufficient time to attend board meetings and participate in induction, trainings and other board associated activities. In particular, if the proposed candidate will be nominated as an INED and will be holding his/her seventh (or more) listed company directorship, the NC should consider the reason given by the candidate for being able to devote sufficient time to the Board;
- Standing: The candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director; and
- Independence: The candidate to be nominated as an INED must satisfy the independence criteria set out in the Listing Rules.

If the NC determines that an additional or replacement director is required, the NC may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The NC may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board. On making recommendation, the NC may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting of the Company.

Each of the executive Directors entered into a service agreement for his appointment with the Company for an initial term of three years commencing from 12 March 2020. Each of the INEDs has entered into a letter of appointment for his/her appointment with the Company for an initial term of three years commencing from 12 March 2020. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to Article 84(1)–(2) of the Articles of Association, at each annual general meeting of the Company 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 of the Company at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. 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.

# CORPORATE GOVERNANCE REPORT

According to Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members of the Company 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.

No NC meeting was held during the year ended 31 December 2019 as the Company was listed on the Stock Exchange on 12 March 2020.

A NC meeting of the Company was held on 30 March 2020 to review the structure, size and composition of the Board and the proposed Directors for re-election at the forthcoming annual general meeting of the Company and assess the independence of INEDs.

## AUDIT COMMITTEE

The Company established an audit committee of the Company in February 2020 with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee of the Company comprises three INEDs, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland. The audit committee of the Company is chaired by Ms. Lee Wing Yin Jessica.

The primary duties of the audit committee of the Company are to review the risk management and internal control systems of the Group, the Group's financial and accounting policies and practices and the financial statements and reports of the Company and the external auditors' fees; and discuss the scope of audit with the auditor.

No audit committee meeting was held during the year ended 31 December 2019 as the Company was listed on the Stock Exchange on 12 March 2020.

An audit committee meeting of the Company was held on 30 March 2020 to review and approve the annual results of the Group for the year ended 31 December 2019. The audit committee members also reviewed the accounting principles and practices adopted by the Group with the management and the Company's auditor during the meeting.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF THE COMPANY AND THE COMBINED FINANCIAL STATEMENTS OF THE GROUP

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Company which give a true and fair view of the financial position of the Company on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors also acknowledge their responsibility for overseeing the preparation of the Combined Financial Statements in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Combined Financial Statements on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern.

# CORPORATE GOVERNANCE REPORT

## AUDITOR AND THEIR REMUNERATION

For the year ended 31 December 2019, PricewaterhouseCoopers was engaged as the Group's independent auditor. Apart from the provision of annual audit services, PricewaterhouseCoopers and its foreign member firm provided the audit and non-audit services in connection with the listing of the Company's Shares on the Stock Exchange. The statement of the auditor of the Company and the Group about their reporting responsibilities on the financial statements of the Company and the Combined Financial Statements for the year ended 31 December 2019 is set out in the section "Independent Auditor's Report in financial statements of the Company" and "Independent Auditor's Report on Combined Financial Statements" of this annual report respectively. During the year, remuneration paid and payable to the Group's independent auditor and its foreign member firm in respect of the year ended 31 December 2019 are approximately S\$230,000 for annual audit fee, and approximately S\$899,000 for non-audit fees in connection with the listing of the Company, respectively.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Group's objective is to ensure a sound system of risk management and internal controls and risk management policies in place in order to achieve the Group's business objectives. The Group established a policies & procedures manual for enterprise risk management policy (the "**Policy**") setting out guidelines in relation to the Group's risk management framework. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness in order to safeguard the interests of the shareholders and the assets of the Group.

The Board is responsible for the risk governance and determining the nature and extent of the significant risks which the Board is willing to accept in achieving its strategic objectives.

The Board shall determine the Group's level of risk tolerance and risk management process and policies. They are also responsible for overseeing the management of the Group in the design, implementation and monitoring of the risk management and internal control systems.

The key management personnel of the Group are responsible for identifying and updating key risks relevant to the Group's business as per the risk categories in the Policy such as strategic and operational risks, financial risks, compliance risks and operational risks. The employees of the Group are to manage risks within their spheres of control in accordance with the Group's policies and procedures and the Group's code of conduct.

The Group's risk analysis involves consideration of the causes and sources of risk, potential positive or negative impact and consequence and the likelihood of occurring the identified consequence. The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register. Standardized rating scales would be applied across all risk management activities and business units of the Group.

Risk treatment involves selecting and implementing one or more options such as avoiding, reducing, sharing and retaining or accepting the risk of the Company to reduce the residual risk to an acceptance level that is within the Group's risk appetite. Risk owners with given authority would consider the various risk treatment options available, weigh the cost-benefit of each option and consider the feasibility and timeline of such implementation and are responsible for regularly monitoring and reporting the progress of treatment implementation to the management team of the Company and other relevant stakeholders.



# CORPORATE GOVERNANCE REPORT

The management team of the Group shall present risk management reporting which also comprised of update of risk register and progress reporting of risk treatment implementation on a half-yearly basis.

The Board would, at least annually, review the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

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 policies regarding the inside information.

During the year, the Board reviewed the effectiveness of the Group's risk management and internal control systems. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Company has an internal audit function performed by an engaged external professional adviser which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the audit committee of the Company on, at least, an annual basis.

## COMPANY SECRETARY

The Company engages Mr. Cheung Ka Chun, who has been working with BPO Global Services Limited, as its company secretary. Its primary corporate contact person at the Company is Ms. Ng Nguk Eng, the Group financial controller of the Company.

## SHAREHOLDERS' RIGHTS

### Convening an extraordinary general meeting

Pursuant to the Articles of Association, any one or more shareholders of the Company (the "**Shareholder(s)**") 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 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner.

# CORPORATE GOVERNANCE REPORT

## Putting forward proposals at general meetings

The 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 requisitioner(s) 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 of the Company.

For including a resolution to propose a person for election as a Director at general meeting, the Shareholders are requested to follow the Articles of Association. A written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting 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 or at the Hong Kong branch share registrar and transfer office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting 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 the Shareholders to propose a person for election as a Director are posted on the Company's website.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The objective of the Shareholders' communication is to provide the Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as the Shareholders in an informed manner. Effective and timely dissemination of information to the Shareholders shall be ensured at all times.

Information shall be communicated to the Shareholders mainly through the Company's financial reports (half-year and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the corporate communication documents submitted to the Stock Exchange on the Company website and the Stock Exchange website. Information on the Company website ([www.weiyuanholdings.com](http://www.weiyuanholdings.com)) is updated on a regular basis.

The Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The 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.

## CONSTITUTIONAL DOCUMENTS

The amended and restated memorandum and articles of association of the Company was adopted on 18 February 2020 (the "**Adoption Date**"). There had been no significant change in the Company's constitutional documents since the Adoption Date.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORT OVERVIEW

### About this Report

As a Singapore-based contractor specialised in the provision of civil engineering utilities works over 28 years, Wei Yuan Holdings Limited (together with its subsidiaries referred to as the “**Group**” or “**We**” and “**us**”) provides different specialised methods, including open cut excavation method and trenchless methods such as cable tunnel installation, horizontal directional drilling, pipe jacking and guided auger boring, to perform contract works in relation to installation of power cables, telecommunication and fiber optic networks, sewerage pipelines, as well as road milling and resurfacing services, and ancillary support and other services. The Group is dedicated to making our efforts in integrating sustainability along its business operations and value chain in order to thrive our continual business development and create positive value to the society.

We are pleased to publish our first environmental, social and governance (“**ESG**”) report (the “**Report**”), summarised our ESG management approaches, environmental and social performance during the period from 1 January 2019 to 31 December 2019 (the “**Reporting Period**” or “**2019**”), unless otherwise stated.

The Report was prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”) and is in adherence with the ESG reporting principles of materiality, quantitative, balance and consistency. The Report covers our business operations in relation to power cables installation and telecommunication and fiber optic networks. The environmental key performance indicator disclosure is mainly focused on our office operation and all contract works in Singapore during the Reporting Period. The Report focuses on three environmental aspects and eight social aspects required by HKEX. For information regarding the governance section, please refer to the Corporate Governance Report as incorporated in our Annual Report.

## OUR ENVIRONMENT

The Group is committed to the minimisation of the adverse impact to the environment resulting from our business activities. The Group has established Green and Gracious Policy with the adoption of green practices to reduce environmental pollution and maximise resource efficiency, as well as improving our green performance and management. We have established an environmental management system in accordance with the International Standard Organisation (the “**ISO**”) 14001:2015 international standard in order to identify the significant environmental aspects, to manage the associate environmental impacts with mitigation measures and to comply with the applicable environmental protection laws (e.g. the Environmental Public Health Act, Chapter 95 of Singapore, the Environmental Protection and Management Act, Chapter 94A of Singapore, the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations and the Control of Vectors and Pesticides Act, Chapter 59 of Singapore). The environmental management system of Wee Guan Construction Pte Ltd has been certified to be in accordance with the requirements of the ISO 14001:2015 standard for civil engineering construction, cable installation and road reinstatement services since 2016. During the Reporting Period, the Group was not aware of any breaches of relevant environmental laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Emission Management

The major source of air emission in our contract works are mainly exhausted gas from fuel-powered mobile machinery and vehicles. The Group strives to opt for cleaner and superior fuels for all fuel-driven machinery and routine maintenance of powered mechanical equipment.

The main source of the Group's GHG emissions are derived from fuel combustion from mobile machinery and vehicles owned by the Group ("**Scope 1 emission**"), the consumption of purchased electricity ("**Scope 2 emission**") in headquarter and air business travel by employees ("**Scope 3 emission**") of our business operations. During the Reporting Period, the Group generated in total of 3,409.38 tonne of carbon dioxide equivalent ("**tCO<sub>2</sub>e**") of carbon emission.

## Waste Management

Construction waste is the major type of waste generated from our contract works. We consider the construction design and methods as well as project work programmes to avoid over-ordering of materials to minimise the waste generation at source. We also implemented the separation of construction waste on the site to recover materials for reuse and recycle. For instance, we designated site personnel to oversee housekeeping and cleanliness on site. We collect steel plates, strutting materials and signage frames for reuse in project site to reduce the direct disposal of waste to landfills. The unused cable drums are sent to environmental friendly scrap metal contractor for recycling. During the Reporting Period, the Group produced in total of 9,525.00 tonnes of construction waste and recycled 11,155.86 tonnes of quarry dust and 10,032.45 tonnes of graded stone respectively.

## Use of Resources

### Energy Use and Carbon Management

Diesel and electricity are the main types of energy consumed in the business operations of the Group. Diesel is mainly supplied to mobile machinery and vehicles owned by the Group. Electricity is mainly consumed in our headquarter for daily office operation. We make use of appliances and equipment with energy saving and green label in our office to increase the energy efficiency and minimise our carbon footprints. We use LED rotating light and install solar panels for energy supply to our equipments. For night work, we adopt the use of adequate lighting as specified by Singapore standards for sufficient visibility and minimise generator usage to reduce diesel consumption. Our project teams conduct regular maintenance and commissioning of machinery to make sure the machinery functions in optimal condition.

During the Reporting Period, the Group consumed in total of 1,042,759.60 litres ("**L**") of diesel and 1,158.09 megawatt-hour ("**MWh**") of electricity in our headquarter.

### Water Use

The water consumption of the Group is mainly from our headquarter and we consume limited amount of water in our contract works. The Group has taken various measures to save water. For instance, we installed water taps and fittings in toilets and showering facilities with water efficiency labels and maintain regular inspections of the water plumbing and flushing systems to prevent water leakage. We use treated recycled water for road cleaning to reduce the amount of freshwater consumption at our worksites.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group consumed in total of 87,998.90 cubic metre ("m<sup>3</sup>") of water in our headquarter.

## The Environment and Natural Resources

In order to minimise the negative impact on the environment and the surrounding community, the Group carries out environmental impact assessment for identification, assessment and management of environmental-related risks and social sustainability risks.

Our project teams identify the significant environmental aspects, including emissions to air, releases to water, waste management, noise, contamination of land, use of raw materials and the natural resources, visual impact as well as other statutory and regulatory issues, and their impacts associated with the different project stages of construction activities where appropriate before the commencement of the contract works. Relevant emergency preparedness plans and management procedures are devised to cope with the reasonably foreseeable or emergency situations during the project execution.

We adhere to the construction noise control under the statutory requirement and carry out the construction work under non-restricted hours to minimise unwanted noise emitted from the works activities. Based on the hierarchy of controls, the Group replaces noisier equipment with lower noise emitting machinery and also implements practical engineering solutions (such as the installation of noise barrier) to reduce the noise impact.

## OUR EMPLOYEES

The Group recognises that employees are the most valued asset and an integral part in driving our long-term business development and success through their contributions. The Group strives to create a motivated, harmonious and diverse working environment for employees, as well as offering training and career development opportunities to attract and retain talents. The Group has implemented a spectrum of human resources management policies to ensure compliance with all relevant labour laws and regulations in Singapore (i.e. The Employment Act, Chapter 91 of Singapore, the Employment of Foreign Manpower Act, Chapter 91A of Singapore, The Central Provident Fund Act and The Employment of Foreign Manpower (Work Passes) Regulations 2012). During the Reporting Period, the Group was not aware of any incident of non-compliance in relation to relevant employment laws and regulations.

## Employment and Labour Practices

The Group offers competitive remuneration package for our employees, including basic wages, leaves, fixed working hours, allowances, medical insurance, dental benefit, annual wage supplement discretionary bonus, Central Provident Fund and life insurance plans to eligible staff. All our employees are entitled to other paid leaves including marriage leave, maternity leave, paternity leave, shared parental leave, childcare leave, military reserve leave and compassionate leave, apart from annual leaves and statutory leaves. The Group does not encourage any overtime work in exception of accident, urgent work and the interruption of work. Employees who work over-time are compensated with the determined overtime rate structure. The Group benchmarks the current market level and maintains the regular review on the staff remuneration package based on the individual performance of our employees to ensure our employees remunerated in a fair mean.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Due to our project complexity and time constraint, the Group also employed foreign workers and are sourced through referral, references and recommendations. Our human resources department is required to validate and obtain a list of recruitment documents, including but not limited to the copy of work pass issued by the Ministry of Manpower of Singapore, the work pass application form and the copy of Passport, Entry and Reentry Permit (for Non-Singaporeans), from the candidate to make sure our recruitment of such candidate is in compliance with the relevant Singapore laws and regulations and they are not child and/or illegitimate foreign workers. On the other hand, we offer medical insurance, housing and insurance for security bonds for each non-Malaysian foreign workers and levies pursuant to the relevant Singapore laws and regulations.

With the commitment in the principle of fair and equal opportunity, the Group has formulated recruitment and selection policy and staff performance review policy to ensure all decisions made in recruitment, promotion, performance appraisal, wage practices and dismissal are merely based on the individual experience, qualifications, skills and competencies entailed in our business operations, without any discrimination on the ground of gender, age, race, religion, national origin, disability and any other classification protected under the relevant laws. The Group strictly prohibits any harassment in our workplace and all employees have the responsibility to abide by the Group's policies in equal employment opportunity, diversity and anti-discrimination. The employee contract is only terminated in the case of redundancy or the commitment of criminal offence after the validation of internal investigation.

The Group organised various social activities such as Chinese New Year celebration, Hari Raya celebrations, outing for movie and zoo visit to build a harmonious relationship and cohesion among employees and enhance their physical and mental well-being. We also offer in-house gym facilities for staff and easy accessibility anytime of the day for exercise.

## Health and Safety

Given that the nature of construction industry is one of the higher risk industries in occupational health and safety, the Group puts health and safety of our staff as our top priority and is committed to maintaining safe workplace for our employees to successfully execute our contract works. We have an occupational health and safety management system, which is in conformance with the current international standards to systematically identify, control and mitigate the related safety risks and hazards in our day-to-day construction operations. We have established corresponding measures on safety and health policy in the forms of (i) impact/risk management; (ii) communication, participation and consultation; (iii) emergency preparedness and response; (iv) compliance obligations; and (v) accident/incident investigation & reporting and gap analysis to eliminate foreseeable risks and minimise the risk exposure to a safe working level. In the scenario where we act as subcontractors, we will comply to the workplace safety and health procedures and in-house requirements by the main contractor and/or industry best practices.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the projects which we are awarded as main contractors, we have a variety of programmes to inculcate safe awareness and ownership such as awareness training and enhancements, communication and incident sharing to our stakeholders & interested parties for highlighting job hazards for precaution, taking safety and risk control measures, as well as enhancing the worker awareness on accident prevention, the peer and situational awareness safety.

Some examples of awareness training, awareness enhancements programmes and best industrial practices adopted in our worksites are as follows:

- Tool-box meetings
- Job safety analysis briefing
- "30/30/30 observation technique"
- "3/3/3 lifting technique"
- Mandatory "Buddy system" for new workers
- "Safety Recognition Awards" for nomination of workers with best safety performance

Last but not least, as an employer, we ensure that our staff understands the safety rules and in house and client requirements, control measures and appropriately use the relevant personal protective equipment to safeguard the workplace safety.

Our supervisors and safety personnel conduct routine safety inspections to ensure workplace safety procedures are adhered to by all stakeholders to ensure the safety control measures are effectively maintained in our project sites. Besides unannounced safety audits, scheduled monthly workplace safety and health inspections, committee meetings and top management safety walk are arranged to ensure all stakeholders understand the potential workplace safety and health hazards and risks with preventive control measures on their mind.

During the Reporting Period, the Group has complied with all the relevant health and safety laws and regulations (e.g. the Workplace Safety and Health Act, Chapter 354A of Singapore, the Work Injury Compensation Act, Chapter 354 of Singapore, the Workplace Safety and Health (Registration of Factories) Regulations 2008, Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009, The Workplace Safety and Health (Construction) Regulations 2007 and The Work Injury Compensation Bill 2019).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Development and Training

The Group is dedicated to nurturing our people's professional skills and experience through training and learning opportunities to retain talented personnel. The heads of departments identify the training needs and recommend or nominate their subordinates for all pre-approved or relevant training courses (e.g. cable detection, safety course, manhole course, pavement course, project management course and first aids course) as per the ISO management procedure. Apart from the pre-approved courses, the Group also provides a variety of in-house training programmes and briefings to employees in different career level and subcontractors, as well as sponsors our employees to attend external training courses to enhance their technical knowledge and expertise. In addition to offering training courses to employees, the Group also encourages our employees to attend relevant local and overseas seminars, conferences and trade expositions so as to broaden their horizons and keep abreast with the latest knowledge in the relevant civil engineering field.

## EXCELLENCE FOR PRODUCT AND SERVICE QUALITY

### Supply Chain Management

The Group recognises the significance of close collaboration with a wide range of business partners such as subcontractors, suppliers, and service providers in our operations to support our services and maintain our competitive edge in our industry. We strive to work with the suppliers with good practices in business ethics, quality-safety-environment management and labour management.

The Group has set up a robust procurement management system in supplier selection and performance assessment. We maintain a list of internal supplier list as one mean of managing the supplier performance for material suppliers and service providers. The new suppliers are required to undergo assessment prior to becoming our approved suppliers. We review and evaluate their performance and qualification by taking into account of various factors, including (i) quality of materials (for material suppliers); (ii) quality of works (for service providers); (iii) sufficiency of machinery and labour (for service providers); (iv) previous collaboration experience; (v) delivery time and reputation; (vi) price; and (vii) compliance with safety and statutory requirements. Only suppliers who can meet our requirements can qualify as our on-listed supplier for material and service provision. For the subcontractors, we assess their job reference, skills and technique, prevailing market price, delivery time and reputation before they can become our approved subcontractors in our internal subcontractor list and such list is updated on a continuous basis. Additionally, our suppliers and subcontractors are subject to performance evaluation quarterly or from time to time according to their performance in term of quality, timeliness, responsiveness and environmental, health and safety record, to ensure the quality of their products or services can meet our requirements and specification.

We obtain adequate quotation or tender submission (at least three quotations) for price comparison and competence evaluation to maintain a fair competition in the tendering process. Our project teams will conduct technical review of the tenders, not only select the suitable suppliers or subcontractors based on budget and technical capabilities, but also taking into consideration the track records and the performance of labour practices, quality and safety management, and environmental protection.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Product Responsibility

In order to provide quality civil engineering utilities works that consistently live up to our customers' expectations, legal requirements and safety standards, the Group has obtained bizSAFE Level Star (Certification) since 2011 and implemented a quality management system accredited with ISO 9001:2015 standard in our operation.

In pursuit of quality and efficiency in our contract works, our project department will form and assign a project team for each committed project, prepare detailed master schedule as well as the project quality plan with following the contract specifications and various quality management procedures for closely monitoring the progress of the project continuously. Our project team determines the resources (e.g. machinery and raw materials) required at each stage of project life cycle, from material purchasing, incoming material inspection and testing, building works at construction stage to completion, and make appropriate deployment accordingly. We carry out stringent quality control inspections regularly to ensure the project works are built according to the designs and work plans as set out in the approved drawings and method statements to comply with the statutory building requirements. We also organise regular progress meetings with our suppliers and subcontractors to review the progress and quality of contract works and properly resolve the potentials risks in contract works and the defects found in the timely manner. Besides the internal quality inspection, our customer will have an on-site representative or will inspect our works from time to time at the site to check with the contract works whether the contractual obligations and specifications are fulfilled.

We have taken several measures to address possible traffic and accessibility obstruction to ensure the public safety during the execution of contract works, especially cable installation works and road milling and resurfacing services as follows:

- provide sufficient and effective road traffic signs to inform public near to the work zone and guide both motorists and pedestrians;
- deploy professional traffic controllers at major road junction for traffic control;
- operate vehicles/trucks only by the licensed operator;
- designate temporary footpath for public access properly;
- provide vehicular barrier for passageways located close or next to road.

During the Reporting Period, the Group was not aware of any non-compliance with all the relevant laws and regulations (e.g. Building Control Act, Chapter 29 of Singapore, Building and Construction Industry Security of Payment Act).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ANTI-CORRUPTION AND INTEGRITY

Business integrity and accountability is the cornerstone to long-term business continuity and success. The Group is committed to upholding the full of honesty and integrity in our business activities. The Group has outlined the code of conduct in the employee handbook for all employees to abide by. Employees are strictly prohibited to solicit and/or receive any advantages (e.g. gifts, entertainment and commission etc.) from our customers and business partners directly or indirectly. Employees must follow confidentiality and secrecy obligations and are forbidden to, directly or indirectly, disclose, divulge, authorise or permit to be disclosed any trade secrets, information of business development, operations, processes, dealings, confidential information with regard to suppliers, clients and customers and other matters relating to the Group to unauthorised third parties during employment nor after cessation of employment without prior consent by the Group to protect the Group's interest. The relevant employees involved in the contract works, in which confidentiality is contractually required, are required to execute a Non-Disclosure Agreement for privacy protection.

During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations in Singapore regarding to corruption, bribery, money laundering and extortion.

## OUR COMMUNITIES

The Group is committed to giving back to the communities where it operates through leveraging its resources and engaging our employees to render their time and services to charitable organisations and community programmes.

During the Reporting Period, we organised blood donation activity in July 2019 through our corporate outreach programme. 51 employees participated in this activity and made a blood donation in sharing their warm love and care to the communities.



Our contract works may emit noise disturbance and nuisance to the communities. The Group will communicate the neighbouring residents about key milestones or major work before contact commencement in order to maintain close communication with the stakeholders and the communities. The Group also has designated site personnel to handle external feedback by following the established management procedure in order to obtain the social licence to operate our business activities and maintain a harmonious relationship with the communities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## KEY PERFORMANCE INDICATORS

	Unit	2019 <sup>1</sup>
<b>GHG emissions<sup>2</sup></b>		
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	2,834.01
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	485.01
Other Indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	90.36
Total GHG emission	tCO <sub>2</sub> e	3,409.38
<b>GHG intensity<sup>3</sup></b>		
— Headquarter	tCO <sub>2</sub> e/m <sup>2</sup>	0.06
— Contract Works	tCO <sub>2</sub> e/million dollars	48.78
<b>Waste management<sup>4</sup></b>		
Construction waste	Tonne	9,525.00
Recycled quarry dust	Tonne	11,155.86
Recycled graded stone	Tonne	10,032.45
<b>Energy consumption</b>		
Diesel	L	1,042,759.60
	MWh	11,160.91
Electricity <sup>5</sup>	MWh	1,158.09
<b>Total Energy Consumption</b>	MWh	12,319.00
<b>Energy intensity</b>		
— Headquarter	MWh/m <sup>2</sup>	0.15
— Contract Works	MWh/million dollars	192.11
<b>Water consumption<sup>5</sup></b>		
	m <sup>3</sup>	87,998.90
<b>Water intensity</b>	m <sup>3</sup> /m <sup>2</sup>	11.73

1. Due to the business nature of civil engineering utilities works, no packaging material is consumed in the business operation and no available data is disclosed.
2. The other indirect GHG emissions (Scope 3) covered the emission from the business travel of employees only.
3. The figure of GHG intensity is the sum of Scope 1 GHG emission and Scope 2 GHG emission divided by the total floor area and the total project revenue respectively.
4. The Group generated very limited hazardous waste which is considered as insignificant to the contribution to the environmental impacts and the business operations and thus no relevant data is disclosed.
5. The data only covers the consumption by the headquarter office. Due to the daily location change of project activities, there is no available data of electricity and water consumption for data collection and disclosure.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HKEX ESG REPORTING GUIDE INDEX

ESG Reporting Guide		Page	Section/Explanation
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
<b>A1</b>	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Page 37	Our Environment — Emission
<b>A1.1</b>	The types of emissions and respective emission data.	Page 45	Key Performance Indicators
<b>A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 45	Key Performance Indicators
<b>A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 45	Key Performance Indicators
<b>A1.4</b>	Total non-hazardous waste produced (in tonnes and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 45	Key Performance Indicators
<b>A1.5</b>	Description of measures to mitigate emissions and results achieved.	Page 38	Our Environment — Emission
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Page 38	Our Environment —Emission
<b>Aspect A2: Use of Resources</b>			
<b>A2</b>	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Page 38	Our Environment — Use of Resources
<b>A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 45	Key Performance Indicators
<b>A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Page 45	Key Performance Indicators
<b>A2.3</b>	Description of energy use efficiency initiatives and results achieved.	Page 38	Our Environment — Use of Resources
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Page 38	Our Environment — Use of Resources
<b>A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 45	Key Performance Indicators

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide		Page	Section/Explanation
<b>Aspect A3: The Environment and Natural Resources</b>			
<b>A3</b>	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 39	Our Environment — The Environment and Natural Resources
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 39	Our Environment — The Environment and Natural Resources
<b>B. Social</b>			
<b>Aspect B1: Employment</b>			
<b>B1</b>	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 39	Our Employees — Employment and Labour Practices
<b>Aspect B2: Health and Safety</b>			
<b>B2</b>	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Page 40	Our Employees — Health and Safety
<b>Aspect B3: Development and Training</b>			
<b>B3</b>	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 42	Our Employees — Development and Training

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide		Page	Section/Explanation
<b>Aspect B4: Labour Standards</b>			
<b>B4</b>	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 39	Our Employees — Employment and Labour Practices
<b>Aspect B5: Supply Chain Management</b>			
<b>B5</b>	General Disclosure Policies on managing environmental and social risks of the supply chain.	Page 42	Excellence for Product and Service Quality — Supply Chain Management
<b>Aspect B6: Product Responsibility</b>			
<b>B6</b>	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 43	Excellence for Product and Service Quality — Product Responsibility
<b>Aspect B7: Anti-Corruption</b>			
<b>B7</b>	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 44	Anti-corruption and Integrity
<b>Aspect B8: Community Investment</b>			
<b>B8</b>	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 44	Our Communities



# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS OF THE COMPANY



羅兵咸永道

To the Shareholders of Wei Yuan Holdings Limited  
(incorporated in the Cayman Islands with limited liability)

## OPINION

### What we have audited

The financial statements of Wei Yuan Holdings Limited (the “**Company**”) set out on pages 53 to 68, which comprise:

- the balance sheet as at 31 December 2019;
- the statement of comprehensive loss for the period from 15 May 2019 (date of incorporation) to 31 December 2019;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Our opinion

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

## BASIS FOR OPINION

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

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

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS OF THE COMPANY



羅兵咸永道

## OTHER MATTERS

The Company has prepared a separate set of combined financial statements for the year ended 31 December 2019 in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the combined financial statements, on which we issued a separate auditor's report to the shareholders of the Company dated 30 March 2020.

## KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

## OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS OF THE COMPANY

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

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

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

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS OF THE COMPANY



羅兵咸永道

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS OF THE COMPANY

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS OF THE COMPANY



羅兵咸永道

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS OF THE COMPANY *(continued)*

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Po Wah, Pauline.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 30 March 2020

## STATEMENT OF COMPREHENSIVE LOSS

For the period from 15 May 2019 (date of incorporation) to 31 December 2019

	Note	For the period from 15 May 2019 (date of incorporation) to 31 December 2019 S\$'000
Administrative expenses	5	(3,647)
<b>Loss before income tax</b>		<b>(3,647)</b>
Income tax expense	6	—
<b>Loss and total comprehensive loss for the period attributable to owners of the Company</b>		<b>(3,647)</b>
<b>Loss per share for loss attributable to owners of the Company during the period</b>		
— basic and diluted	7	<b>S\$(0.46 cents)</b>

The above statement of comprehensive loss should be read in conjunction with the accompanying notes.

# BALANCE SHEET

As at 31 December 2019

	Note	2019 S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Prepayments	8	1,011
<b>Total assets</b>		<b>1,011</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	10	—*
Accumulated loss		(3,647)
<b>Total deficit</b>		<b>(3,647)</b>
<b>Current liabilities</b>		
Other payables and accruals		1,958
Amount due to a related party	12	2,700
<b>Total liabilities</b>		<b>4,658</b>
<b>Total deficit and liabilities</b>		<b>1,011</b>

\* less than S\$1,000

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 53 to 68 were approved by the Board of Directors on 30 March 2020 and were signed on its behalf.

**Mr. Ng Tian Soo**  
Director

**Mr. Ng Tian Fah**  
Director

## STATEMENT OF CHANGES OF EQUITY

For the period from 15 May 2019 (date of incorporation) to 31 December 2019

	Share capital S\$'000 (Note 10)	Accumulated losses S\$'000	Total S\$'000
<b>At 15 May 2019 (date of incorporation)</b>			
Issuance of ordinary shares	–	–	–
Total comprehensive loss for the period	–	(3,647)	(3,647)
<b>At 31 December 2019</b>	–	(3,647)	(3,647)

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



## STATEMENT OF CASH FLOWS

For the period from 15 May 2019 (date of incorporation) to 31 December 2019

	Note	For the period from 15 May 2019 (date of incorporation) to 31 December 2019 S\$'000
<b>Cash flows from operating activities</b>		
Loss for the period and operating cash flows before movements in working capital		(3,647)
		(3,647)
Changes in working capital		
Increase in other payables and accruals		1,594
Increase in amount due to a related party		2,700
<b>Net cash generated from operating activities</b>		<b>647</b>
<b>Cash flows from financing activities</b>		
Issuance of ordinary shares	10	–
Payment of listing expenses		(647)
<b>Net cash used in financing activities</b>		<b>(647)</b>
<b>Net increase in cash and cash equivalents</b>		<b>–</b>
Cash and cash equivalents at beginning of the period		–
Cash and cash equivalents at end of the period		–

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

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 1 GENERAL INFORMATION AND BASIS OF PRESENTATION

### 1.1 General information

The Company was incorporated in Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. Pursuant to a reorganisation (the “**Reorganisation**”) in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Main Board**”), the Company became the holding company of the other companies comprising the Group.

The Company and its subsidiaries (the “**Group**”) are principally engaged in carrying out civil engineering projects in Singapore (the “**Listing Business**”). The ultimate holding company of the Company is WG International (BVI) Limited (“**WGI BVI**”), a company incorporated in the British Virgin Islands and the ultimate controlling parties of the Group are Mr. Ng Tian Soo (“**NTS**”), Mr. Ng Tian Kew (“**NTK**”), Mr. Ng Tian Fah (“**NTF**”), Ms. Ng Mei Lian (“**NML**”), and Mr. Chai Kwee Lim (“**CKL**”) (collectively the “**Controlling Shareholders**”).

The Reorganisation was completed on 12 February 2020 and the Company’s shares have been listed on the Main Board since 12 March 2020.

These financial statements are presented in Singapore dollars (“**S\$**”) unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 2.1 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (the “**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (the “**HKCO**”). The financial statements have been prepared under the historical cost convention.

IFRS 1 “First-time adoption of International Financial Reporting Standards” has been applied in preparing the financial statements. However, the Company has not issued any financial statements prior to these financial statements. Accordingly, no reconciliation of the Company’s equity and loss reported under previous accounting standard to its equity and loss under IFRSs was prepared.

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

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.1 Basis of preparation *(continued)*

As at 31 December 2019, the Company's total deficits and net current liabilities amounted to approximately S\$3,647,000, as a result of the expenses incurred in preparing the listing of the Company's shares on the Main Board. In light of the completion of the Reorganisation and the successful initial public offering of the Company's shares subsequent to 31 December 2019, the directors of the Company are of the view that the Company will be able to meet its liabilities as and when they fall due and the Company will be able to continue to operate at least in the next twelve months from 31 December 2019. Accordingly, the financial statements have been prepared on a going concern basis.

In preparing the financial statements, IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases', have been adopted by the Company during the period ended 31 December 2019.

The following are new standards and amendments to existing standards that have been published and are relevant and mandatory for the Company's accounting periods beginning on or after 1 January 2020, but have not been early adopted by the Company.

		<b>Effective for annual periods beginning on or after</b>
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates and Joint Ventures	To be determined
Conceptual Framework for 2018 Financial Reporting		1 January 2021

The Company shall apply those amendments on or after the beginning of the annual reporting period in which the Company first applies those amendments.

The Company has already commenced an assessment of the related impact to the Company of the above standards and amendments that are relevant to the Company upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Company's financial position and results of operations.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.2 Foreign currency translation

The financial statements are presented in Singapore dollar, which is the functional currency of the Company.

Transactions in a currency other than Singapore dollar ("**foreign currency**") are translated into Singapore dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to loans and borrowings are presented in the income statement within 'finance cost'. All other foreign exchange gains and losses impacting profit or loss are presented within 'other gains/losses'.

### 2.3 Share capital

Ordinary shares are classified as equity.

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

### 2.4 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the companies comprising the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.4 Current and deferred income tax *(continued)*

#### (b) Deferred income tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.5 Other payables and accruals

Other payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.6 Earnings per share

#### (i) Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year taking into account the retrospective issue of shares pursuant to the Reorganisation and capitalisation issue (Note 35) and, bonus elements, if any, in ordinary shares issued during the year/period and excluding treasury shares.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.6 Earnings per share *(continued)*

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.7 Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the financial statements during the period in which the dividends are approved by the equity holders or directors, where appropriate.

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT

### 3.1 Financial risk factors

The Company's activities expose it to liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Financial risk management is carried out by the finance department under the supervision of the Board of directors. The Board provides principles for overall risk management.

#### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its current obligation. The Company maintains liquidity by issuance of new ordinary shares and short-term financing from related parties. The Company aims to maintain flexibility in funding by issuing new ordinary shares which enables the Company to continue its business for the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Company can be required to pay. Balances within 1 year other than bank and other borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	On demand or less than 1 year S\$'000
<b>At 31 December 2019</b>	
Other payables and accruals	1,958
Amount due to a related party	2,700
	<b>4,658</b>

### 3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

### 3.3 Fair value estimation

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Company considers that the carrying amount of all financial assets and financial liabilities recorded at amortised cost in the statement of financial position at reporting period approximate to their corresponding fair values.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors, however, are of the opinion that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company.

## 5 EXPENSES BY NATURE

The administrative expenses are analysed as follows:

	<b>For the period from 15 May 2019 (date of incorporation) to 31 December 2019 S\$'000</b>
Auditor's remuneration:	
— Audit services	115
Listing expenses	3,532
Total administrative expenses	<b>3,647</b>

## 6 INCOME TAX EXPENSE

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.



# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 7 LOSS PER SHARE

### (a) Basic

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

	For the period from 15 May 2019 (date of incorporation) to 31 December 2019
Loss attributable to owners of the Company (S\$'000)	(3,647)
Weighted average number of ordinary shares in issue	798,000,000
Basic loss per share (S\$)	<u>(0.46 cents)</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares has been determined on the assumption that the Reorganisation and Capitalisation Issue as described in Note 14 had been effective from 15 May 2019, which was the date of incorporation of the Company.

### (b) Diluted

No diluted loss per share was presented as the Company has net loss attributable to owners of the Company.

## 8 PREPAYMENTS

	2019 S\$'000
Prepayments — listing expenses	<u>1,011</u>

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 9 FINANCIAL INSTRUMENTS BY CATEGORY

	2019 S\$'000
<b>Financial liabilities</b>	
Other payables and accruals	1,958
Amount due to a related party	2,700
	<hr/>
	4,658

## 10 SHARE CAPITAL

	Number of ordinary shares	Equivalent nominal values of ordinary share S\$'000
Authorised: 38,000,000 shares of HK\$0.01 each	38,000,000	66
Issued: 100 shares of HK\$0.01 each	100	—*

\* less than S\$1,000

On 15 May 2019, the Company was incorporated as a limited liability company under the laws of the Cayman Island with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One share with par value of HK\$0.01 each was issued to a third party initial subscriber. On the same day, such share was transferred to WGI BVI. The Company also allotted and issued 99 Shares to WGI BVI, credited as fully paid.

Refer to Note 14 for changes in the share capital of the Company subsequent to 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 11 DIVIDEND

No dividend has been declared during the period from 15 May 2019 (date of incorporation) to 31 December 2019.

## 12 RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the Company in making financial and operational decisions. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals. Parties are also considered to be related if they are subject to common control.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

<b>Name of the related party</b>	<b>Relationship with the Company through:</b>
The controlling shareholders as defined in Note 1.1	Direct/indirect interests
Wee Guan Construction Pte Ltd	Controlled by controlling shareholders

### (a) Key management compensation

The directors of the Company is considered to be key management of the Company. None of the directors received or will not receive any fees or emoluments in respect of their services to the Company during the period from 15 May 2019 (date of incorporation) to 31 December 2019.

### (b) Period-end balances

*Amount due to a related party:*  
Wee Guan Construction Pte Ltd

**2019**  
**S\$'000**

**2,700**

The balance was unsecured, interest-free, repayable on demand and denominated in S\$.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 13 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

### (a) Directors' emoluments (equivalent to key management compensation)

The directors, who represent key management personnel of the Company, having authority and responsibility for planning, directing, and controlling the activities of the Company, did not receive or will not receive any fees or emoluments in respect of their services to the Company during the period from 15 May 2019 (date of incorporation) to 31 December 2019.

### (b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the period from 15 May 2019 (date of incorporation) to 31 December 2019.

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

During the period from 15 May 2019 (date of incorporation) to 31 December 2019, the Company does not pay consideration to any third parties for making available directors' service.

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

As at 31 December 2019, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company 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 period or at any time during the period from 15 May 2019 (date of incorporation) to 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

## 14 SUBSEQUENT EVENTS

Saved as disclosed elsewhere in this report, subsequent to 31 December 2019, the following events took place:

- (i) The Company conditionally adopted a share option scheme on 18 February 2020 under which any employee (full-time or part-time), director, consultant business partner, or service provider of any member of the Group may be granted options to subscribe for new shares of the Company. As of the date of this combined financial statements, no share options have been granted under the scheme.
- (ii) The Company undertook a series of transactions as part of the Reorganisation, details of which are as follows.
  - (a) On 12 February 2020, the Controlling Shareholders collectively transferred all of their respective shareholdings in WG (BVI) Limited, the then holding company of the other companies comprising the Group, to the Company. In consideration for such transfer of shares, an aggregate of 100 shares of the Company was issued, allotted and credited as fully paid to WGI BVI.  
  
Upon completion of such share transfer, the Company became the holding company of all companies comprising the Group.
  - (b) On 18 February 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each by the creation of an additional 1,962,000,000 shares.
- (iii) On 12 March 2020, 797,999,800 shares of HK\$0.01 each were allotted and issued at par to the shareholders in proportion to their then shareholdings of the Company as at 18 February 2020 by capitalization of an amount of HK\$7,979,998 standing to the credit of the share premium account of the Company.
- (iv) On 12 March 2020, the Company issued 266,000,000 shares at HK\$0.48 each through an initial public offering of shares and raised gross cash proceeds of approximately HK\$128 million (before listing expenses). The Company's shares were listed on the Main Board on 12 March 2020.
- (v) Since January 2020, Singapore and Malaysia have reported certain confirmed cases of Novel Coronavirus ("**COVID-19**"). The Singapore Government has made numerous precautionary measures and the Malaysia Government has implemented Movement Control Order ("**MCO**") from 18 March 2020 to 14 April 2020 which called for closure of all non-essential services. The outbreak of COVID-19 is affecting the usual business environment of both Singapore and Malaysia, the two jurisdictions in which the Group operates.

The Group has adopted precautionary and control measures to mitigate the impact of the COVID-19 to the Group's operations, including but not limited to flexible work-from-home practices and procurement of supplies for epidemic prevention and control. One of the joint ventures of the Group, SWG Alliance Pte. Ltd. and its subsidiaries ("**SWG Group**") have temporarily suspended some of their Malaysia's operations due to the MCO imposed by the Malaysia Government. Management expects SWG Group will resume into normal operation when the MCO is lifted.

Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.

# INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS



羅兵咸永道

**To the Shareholders of Wei Yuan Holdings Limited**  
(incorporated in the Cayman Islands with limited liability)

## OPINION

### What we have audited

The combined financial statements of Wei Yuan Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 75 to 143, which comprise:

- the combined balance sheet as at 31 December 2019;
- the combined statement of comprehensive income for the year then ended;
- the combined statement of changes in equity for the year then ended;
- the combined statement of cash flows for the year then ended; and
- the notes to the combined financial statements, which include a summary of significant accounting policies.

### Our opinion

In our opinion, the combined financial statements of the Group for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the combined financial statements and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

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

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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# INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS



羅兵咸永道

## OTHER MATTERS

The Company has prepared a separate set of financial statements of the Company for the period from 15 May 2019 (date of incorporation) to 31 December 2019 in accordance with International Financial Reporting Standards, on which we issued a separate auditor's report to the shareholders of the Company dated 30 March 2020.

## KEY AUDIT MATTERS

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

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

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### *Revenue recognition from construction contracts*

Refer to Note 2.20 for the Group's accounting policies on revenue recognition and Note 6 for the analysis of revenue of the Group for the year ended 31 December 2019. For the year ended 31 December 2019, the Group recognised revenue from construction contracts amounting to S\$58,098,000.

The recognition of revenue for the Group's construction contracts is based on the progress of contract activities by reference to actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Management's estimate of total contract revenue, budgeted costs and progress of the related contract work requires significant judgment.

We focused on this area due to the significant judgment and estimates involved in determining the total contract revenue, budgeted costs and progress of the related contract work.

We performed the following procedures in assessing management's estimates of the total contract revenue, budgeted costs and progress of the related contract work:

- a. We understood, evaluated and tested management's key internal controls that are present for the Group's budgeting process and cost accumulation process for construction projects;
- b. We discussed with project managers the status of the projects, to identify any variation and claims for selected projects on a sampling basis, and obtained explanations for fluctuations in margins. We obtained corroborative evidence by inspecting minutes of management's regular internal meetings and correspondences with customers, as appropriate;
- c. We inspected, on a sampling basis, the signed contracts and correspondences with the customers to obtain audit evidence on total contract sum and terms and variation orders from customers;

# INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS



羅兵咸永道

## KEY AUDIT MATTERS *(continued)*

### Key Audit Matter

*Revenue recognition from construction contracts (continued)*

### How our audit addressed the Key Audit Matter

- d. We tested, on a sampling basis, the actual costs incurred on contract work during the reporting period;
- e. We recalculated the estimate of the progress of contract work based on the latest budgeted costs and total actual costs incurred; and
- f. We tested the calculations of contract revenue based on the estimate of the progress of contract work.

Based on our work done, we found the judgment and estimates adopted by management in determining total contract revenue, budgeted costs and progress of the related contract work are supported by available evidence.



# INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS



羅兵咸永道

## OTHER INFORMATION

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

Our opinion on the combined 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 combined financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE COMBINED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the combined financial statements in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the combined financial statements 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

# INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS



羅兵咸永道

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS *(continued)*

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

# INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS



羅兵咸永道

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS *(continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Po Wah, Pauline.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 30 March 2020

# COMBINED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
Revenue	6	65,985	64,730
Cost of sales	8	(46,251)	(46,716)
<b>Gross profit</b>		<b>19,734</b>	18,014
Other income and other gains, net	7	785	380
Administrative expenses (Allowance for)/reversal of impairment of receivables	8	(10,577) (45)	(6,477) 103
<b>Operating profit</b>		<b>9,897</b>	12,020
Finance income	10	13	1
Finance costs	10	(766)	(662)
Share of loss of joint ventures, net of tax	15	(325)	(201)
<b>Profit before income tax</b>		<b>8,819</b>	11,158
Income tax expense	11	(2,095)	(1,947)
<b>Profit and total comprehensive income for the year</b>		<b>6,724</b>	9,211
<b>Profit/(loss) and total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		6,769	8,990
Non-controlling interests		(45)	221
		<b>6,724</b>	9,211
<b>Earnings per share attributable to owners of the Company for the year (expressed in S\$ per share)</b>			
<b>Basic and diluted</b>	12	N/A	N/A

The above combined statement of comprehensive income should be read in conjunction with the accompanying notes.

# COMBINED BALANCE SHEET

As at 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	17,352	18,588
Right-of-use assets	25	1,749	1,283
Investment properties	14	1,910	1,960
Investments in joint ventures	15	661	986
Other investment	16	86	85
Deferred income tax assets	27	206	261
		<b>21,964</b>	23,163
<b>Current assets</b>			
Inventories	18	785	1,088
Contract assets	20	41,052	17,730
Trade and retention receivables	19	7,724	8,958
Deposits, prepayments and other receivables	21	5,763	3,066
Pledged bank deposits	22	1,044	–
Cash and cash equivalents	22	3,389	4,353
		<b>59,757</b>	35,195
<b>Total assets</b>		<b>81,721</b>	58,358
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Combined capital	28	5,850	5,850
Retained earnings		24,240	18,671
Revaluation reserve		586	586
Other reserves		4,563	4,563
		<b>35,239</b>	29,670
Non-controlling interests		1,657	1,702
<b>Total equity</b>		<b>36,896</b>	31,372

The above combined balance sheet should be read in conjunction with the accompanying notes.

# COMBINED BALANCE SHEET

As at 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	26	2,642	2,367
Lease liabilities	25	1,143	901
Provisions	24	337	318
		<b>4,122</b>	3,586
<b>Current liabilities</b>			
Trade payables	23	10,075	7,267
Accruals, other payables and provisions	24	5,036	3,823
Contract liabilities	20	7	13
Current income tax liabilities		2,017	1,663
Bank and other borrowings	26	22,918	10,222
Lease liabilities	25	650	412
		<b>40,703</b>	23,400
<b>Total liabilities</b>		<b>44,825</b>	26,986
<b>Total equity and liabilities</b>		<b>81,721</b>	58,358

The combined financial statements on pages 75 to 143 were approved by the Board of Directors on 30 March 2020 and were signed on its behalf.

**Mr. Ng Tian Soo**  
Director

**Mr. Ng Tian Fah**  
Director

The above combined balance sheet should be read in conjunction with the accompanying notes.

# COMBINED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to equity holders of the companies comprising the Group					Non-controlling interests S\$'000	Total S\$'000
	Combined capital S\$'000 (Note 28)	Revaluation reserves S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000		
<b>For the year ended 31 December 2019</b>							
At 1 January 2019	5,850	586	4,563	18,671	29,670	1,702	31,372
Total comprehensive income/(loss) for the year	-	-	-	6,769	6,769	(45)	6,724
<b>Transaction with equity holders of the companies comprising the Group, recognised in equity:</b>							
Dividends (Note 29)	-	-	-	(1,200)	(1,200)	-	(1,200)
At 31 December 2019	5,850	586	4,563	24,240	35,239	1,657	36,896
<b>For the year ended 31 December 2018</b>							
At 1 January 2018	5,850	586	4,389	12,797	23,622	1,444	25,066
Total comprehensive income for the year	-	-	-	8,990	8,990	221	9,211
<b>Transaction with equity holders of the companies comprising the Group, recognised in equity:</b>							
Transactions with non-controlling interests (Note 28)	-	-	174	-	174	(174)	-
Contribution by non-controlling interests (Note 28)	-	-	-	-	-	245	245
Dividends (Note 29)	-	-	-	(3,116)	(3,116)	(34)	(3,150)
At 31 December 2018	5,850	586	4,563	18,671	29,670	1,702	31,372

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

# COMBINED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
<b>Cash flows from operating activities</b>			
Net cash (used in)/generated from operations	31(a)	(4,533)	12,507
Income tax paid		(1,686)	(711)
Interest received		13	1
<b>Net cash (used in)/generated from operating activities</b>		<b>(6,206)</b>	11,797
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	31(b)	285	394
Purchase of property, plant and equipment		(3,461)	(3,668)
Loan to related parties		(200)	(2,000)
Repayment from related party		–	120
Other investments		–	(105)
Changes in pledged bank deposits		(1,044)	–
<b>Net cash used in investing activities</b>		<b>(4,420)</b>	(5,259)
<b>Cash flows from financing activities</b>			
Interest paid		(747)	(644)
Dividend paid		(1,200)	(3,150)
Contribution of capital from non-controlling interests		–	245
Repayments to controlling shareholders		–	(144)
Repayments to a related party		–	(30)
Proceeds from borrowings		20,404	10,689
Repayments of borrowings		(11,656)	(12,125)
Repayments of obligations under leases		(715)	(441)
Payment of listing expenses		(647)	–
<b>Net cash generated from/(used in) financing activities</b>		<b>5,439</b>	(5,600)
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		4,353	3,415
Cash and cash equivalents at end of the year		(834)	4,353
<b>Analysis of the balances of cash and cash equivalents</b>			
Cash and cash equivalents	22	3,389	4,353
Bank overdrafts	26	(4,223)	–
		<b>(834)</b>	4,353

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



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND BASIS OF PRESENTATION

### 1.1 General information

The Company was incorporated in the Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. Pursuant to a reorganisation (the "**Reorganisation**") in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board**"), the Company became the holding company of the other companies comprising the Group.

The Company and its subsidiaries (the "**Group**") are principally engaged in carrying out civil engineering projects in Singapore (the "**Listing Business**"). The ultimate holding company of the Company is WG International (BVI) Limited ("**WGI BVI**"), a company incorporated in the British Virgin Islands and the ultimate controlling parties of the Group are Mr. Ng Tian Soo ("**NTS**"), Mr. Ng Tian Kew ("**NTK**"), Mr. Ng Tian Fah ("**NTF**"), Ms. Ng Mei Lian ("**NML**"), and Mr. Chai Kwee Lim ("**CKL**") (collectively the "**Controlling Shareholders**").

The Reorganisation was completed on 12 February 2020 and the Company's shares have been listed on the Main Board since 12 March 2020.

These combined financial statements are presented in Singapore dollars ("**S\$**") unless otherwise stated.

As at date of this report, the Company has direct or indirect interests in the following subsidiaries:

Name	Place and date of incorporation	Principal activities	Type of legal status	Issued and paid up/registered capital	Effective interests held as at:		
					31 December 2019	2018	Date of this report
<b>Directly held</b>							
WG (BVI) Limited (" <b>WGI BVI</b> ")	British Virgin Islands (BVI), 27 May 2019	Investment holding	Limited liability company	US\$300	100%	-	100%
<b>Indirectly held</b>							
Wee Guan Corporation Pte Ltd (" <b>WG Corp</b> ")	Singapore, 8 August 2018	Investment holding	Limited liability company	S\$100 and US\$100	100%	100%	100%
Wee Guan Construction Pte Ltd (" <b>WGC</b> ")	Singapore, 14 February 1991	General construction of other civil engineering projects	Limited liability company	S\$3,000,000	100%	100%	100%
Road Builders Singapore Pte. Ltd. (" <b>RBS</b> ")	Singapore, 21 February 2014	Construction of other civil engineering projects and road construction	Limited liability company	S\$500,000	55%	55%	55%
Hydrojack Engineering Pte. Ltd. (" <b>HDJ</b> ")	Singapore, 6 February 2018	Construction of other civil engineering projects and water, gas pipe-line and sewer construction	Limited liability company	S\$500,000	51%	51%	51%

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND BASIS OF PRESENTATION *(continued)*

### 1.1 General information *(continued)*

Name	Place and date of incorporation	Principal activities	Type of legal status	Issued and paid up/ registered capital	Effective interests held as at:		
					31 December 2019	Date of this report 2018	
<b>Indirectly held <i>(continued)</i></b>							
Wee Guan Engineering Pte Ltd ("WGE")	Singapore, 26 August 1998	Leasing of vehicles and construction of other civil engineering projects	Limited liability company	S\$1,600,000	100%	100%	100%
Wee Guan Logistics Pte. Ltd. ("WGL")	Singapore, 11 November 2003	Leasing of vehicles and equipment and transportation of goods	Limited liability company	S\$100,000	100%	100%	100%
Weng Guan Technology Pte Ltd ("WGT")	Singapore, 4 March 1992	Civil engineering and road-works construction	Limited liability company	S\$750,000	100%	100%	100%
Geecomms Pte. Ltd. ("GCM")	Singapore, 27 May 2014	Electrical and telecommunications wiring installation works and construction of other civil engineering projects	Limited liability company	S\$500,000	100%	100%	100%

### 1.2 Basis of presentation

Immediately prior to and after the Reorganisation, all of the Company's subsidiaries that are engaged in the Listing Business are owned by the Controlling Shareholders. Pursuant to the Reorganisation, these companies are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. The Group resulting from the Reorganisation is regarded as a continuation of the Listing Business, and accordingly, this combined financial statements has been prepared and presented with the assets and liabilities of the Group recognised and measured at the carrying amounts in the financial statements of the group companies for all periods presented.

The net assets of the combining companies were combined using the existing book values from the Controlling Shareholders' perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control.

Intra-group transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

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

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

In preparing the combined financial statements, all applicable IFRSs which are effective in 2019, including IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases', are consistently applied by the Group throughout the two years ended 31 December 2019 and 2018.

The following are new standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning after 1 January 2020, but have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates and Joint Ventures	To be determined
Conceptual Framework for 2018 Financial Reporting		1 January 2021

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.1 Basis of preparation *(continued)*

The Group will apply those amendments on or after the beginning of the annual reporting period in which the Group first applies those amendments.

The Group has already commenced an assessment of the related impact to the Group of the above standards and amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations.

### 2.2 Subsidiaries

#### Consolidation

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

#### *(a) Business combinations not under common control*

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.2 Subsidiaries *(continued)*

#### Consolidation *(continued)*

##### *(a) Business combinations not under common control (continued)*

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

##### *(b) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the equity holders of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### *(c) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.3 Joint ventures

Interests in joint venture are accounted for using equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

### 2.4 Segment reporting

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

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the combined financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which these companies operate (the "**functional currency**"). The combined financial statements are presented in Singapore dollars ("**S\$**"), which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statements of comprehensive income.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.6 Property, plant and equipment

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

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The annual rates used for this purpose are:

	<b>Useful lives</b>
Property	Over the remaining lease term of the leasehold land
Computers, office equipment and furniture and fittings	2 to 5 years
Motor vehicles	5 years
Plant and machinery	5 years
Renovation	Over remaining of lease term

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and other gains, net" in the combined statements of comprehensive income.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.7 Investment properties

Investment properties include those properties that are held for long-term rental yields and/or for capital appreciation or for a currently-undetermined use.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised within "Other income and other gains, net" in the combined statements of comprehensive income.

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

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on the de-recognition of the investment 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 investment property is de-recognised.

#### Transfers

The Group transfers a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include:

- (a) Commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment properties to property, plant and equipment;
- (b) Commencement of development with a view to sell, for a transfer from investment properties to development properties;
- (c) End of owner-occupation, for a transfer from property, plant and equipment to investment properties; and
- (d) Inception of a lease to another party, for a transfer from inventories to investment property.



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.8 Impairment of non-financial assets

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

### 2.9 Financial assets

#### 2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value either through other comprehensive income or through profit or loss, and
- (b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The credit terms granted to third-party customers other than retention sum for contract works is generally 30 to 45 days and therefore trade receivables are all classified as current.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.9 Financial assets *(continued)*

#### 2.9.2 Measurement

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

##### *Debt instruments held at amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in "Other income and other gains, net" using the effective interest rate method. Debt instruments are presented as "Trade and retention receivables", "Deposits, prepayments and other receivables", "Cash and cash equivalents", and "Pledged bank deposits" on the combined balance sheets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

#### 2.9.3 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(c) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.9 Financial assets *(continued)*

#### 2.9.4 Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date — the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### 2.10 Offsetting financial instruments

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

#### 2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (“**FIFO**”) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### 2.12 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash on hand, deposits held with banks which are subject to an insignificant risk of change in value and bank overdrafts. In the combined balance sheets, bank overdrafts are shown within bank and other borrowings in current liabilities.

#### 2.13 Combined capital

Ordinary shares are classified as equity.

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

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.14 Trade payables, accruals and other payables

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

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

### 2.15 Bank and other borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

### 2.16 Borrowings costs

General and specific 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 the combined statement of comprehensive income in the period in which they are incurred.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (a) Current income tax

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

#### (b) Deferred income tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

#### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) Pension obligations

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

#### (b) Bonus plans

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

#### (c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date and recognised in accordance with Note 2.19.

### 2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.20 Revenue recognition

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

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

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

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

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

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

#### (a) Revenue from contract works

The Group is both a main contractor and a subcontractor which specialises in the provision of services on utility infrastructure work that includes power cable, fibre optic telecommunication network, sewerage pipeline and other civil engineering services. A contract with a customer is classified by the Group as contract works when the contract relates to work which enhances an asset that the customer controls as the Group performs.

The Group has primary responsibility to fulfil the contract and has discretion in selecting subcontractors and discretion of the pricing for subcontractor.

The Group has to identify the performance obligations in the contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. The Group treated all elements in a construction contract as a single performance obligation as the construction works are not capable of being distinct.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.20 Revenue recognition *(continued)*

#### (a) Revenue from contract works *(continued)*

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The period between the transfer of the promised goods and payment by customer may exceed one year, which mainly comprised retention money receivables from the customers. Management consider that there is no significant financing component for these receivables, as such payment term is an industry practice. As a consequence, the Group does not adjust any of the transaction price for the time value of money.

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

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates where applicable, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse. There are no other obligations for warranty or refunds other than those warranties which provide customers with assurance that the related contract work will function as parties intended.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, the expected loss is recognised as an expense immediately.

Progress billings are billed and recognised as trade receivables in accordance with the terms of the contract. A contract asset is recognised in the combined balance sheets when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed under expected credit losses ("ECL") model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised in the combined balance sheets when the customer pays consideration before the Group recognises the corresponding revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention sum for contract works are settled in accordance with the terms of the respective contracts.



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.20 Revenue recognition *(continued)*

#### (b) Road milling and resurfacing services

Revenue from providing road milling and resurfacing services to customers for road-patching work is recognised over time during the period as the services performed by the Group creates or enhances an asset that the customer controls. This is determined based on the proportion of the actual costs incurred relative to the estimated total costs. Hence, this points to an over time revenue recognition.

#### (c) Ancillary support and other services

Revenue from providing ancillary support services to customers is recognised over time during the period when the services are rendered by the Group. These activities include provision of technical assistance, labour or machinery and equipment on the basis of as-and-when required and are charged to the customers based on fixed unit prices. The Group recognises revenue based on the actual service provided because the customer receives and uses the benefits simultaneously. This is determined based on costs of the actual labour hours spent relative to the total expected labour hours. Hence, this points to an over time revenue recognition.

#### (d) Sale of goods and milled waste

The Group sells goods such as milled waste and other materials. Revenue is recognised at the point of time when control of the goods has been transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

### 2.21 Leases

#### (a) Lessor

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.21 Leases *(continued)*

#### (b) Lessee

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments, where applicable:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payment that are based on an index or a rate;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following, where applicable:

- (a) the amount of the initial measurement of lease liability;
- (b) any lease payments made at or before the commencement date less any lease incentives received;
- (c) any initial direct costs; and
- (d) reinstatement costs.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The annual rates used for the asset's depreciation purpose are:

	<b>Useful lives</b>
Land	Over the lease term
Office equipment	2 to 5 years

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.22 Dividend distribution

Dividend distribution to the equity holders of the companies comprising the Group is recognised as a liability in the combined financial statements during the period in which the dividends are approved by the equity holders or directors, where appropriate.

### 2.23 Government grants

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

Grants that compensate the Group for expenses incurred are recognised in the combined statements of comprehensive income within the "Other income and other (losses)/gains, net" on a systematic basis in the same periods in which the expenses are recognised.

When the grant relates to an asset, the fair value is deducted against the carrying amount of the assets.

### 2.24 Other investment

The Group acquired a key management insurance contract, which includes both investment and insurance elements. The insurance contract is initially recognised at the amount of the premium paid, and subsequently measured at each balance date at its cash surrender value. Changes to the cash surrender value at balance date will be recognised in profit or loss as a changes in cash surrender value of key management insurance contracts. In the event of death of the insured person, the surrender of the policies, or upon maturity of the policies, the investment will be de-recognised and any resulting gains/losses will be recognised in profit or loss.

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT

### 3.1 Financial risk factors

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

Financial risk management is carried out by the finance department under the supervision of the directors. The directors provide principles for overall risk management.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (a) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from cash and bank balance and borrowings. Interest-bearing financial assets/liabilities issued at variable rates expose the Group to cash flow interest rate risk. Interest-bearing financial assets/liabilities issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2019, it is estimated that an increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after taxation for the year by approximately S\$88,000 (2018: S\$34,000). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

#### (b) Foreign currency risk

The Group mainly operates in Singapore with most of the sales transactions and purchase transactions being settled in Singapore dollars and thus foreign exchange exposure is considered to be minimal.

#### (c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group mainly arises from cash and cash equivalents, pledged bank deposits, trade and retention receivables, contract assets, and deposits and other receivables.

##### *Impairment of financial assets*

The Group has three types of assets that are subject to the expected credit loss model:

- trade and retention receivables,
- contract assets, and
- other financial assets at amortised cost

While cash and cash equivalents and pledged bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (c) Credit risk *(continued)*

##### *Impairment of financial assets (continued)*

For trade receivables, retention receivables and contract assets, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. As a result, the Group's exposure to bad debts is not significant.

The Group assessed that the ECL impact for contract assets and retention receivables is immaterial.

The expected loss rates of trade receivables were based on the payment profile of the revenue over a period of 12 month before each of the historical period and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had identified the GDP of Singapore in which it sells its goods and services to be the most relevant factor, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

The Group was exposed to concentration of credit risk as at 31 December 2019 on gross trade and retention receivables from the Group's top five customers amounting to approximately S\$4,369,000 (2018: S\$4,705,000) and accounted for 55% of gross trade and retention receivables (2018: 51%). The major customers of the Group are all reputable organisations. Management considers that the credit risk is limited in this regard.

The loss allowance as at 31 December 2019 was determined as follows for trade receivables:

31 December 2019	Current S\$'000	More than 30 days S\$'000	More than 60 days S\$'000	More than 90 days S\$'000	More than 120 days S\$'000	Individuals S\$'000	Total S\$'000
Expected loss rate	0.05%–0.59%	0.15%–1.08%	0.32%–2.32%	0.66%–4.64%	1.17%–12.98%	100%	
Gross carrying amount — trade receivables	3,243	2,406	181	37	298	191	6,356
Loss allowance	5	6	3	–	29	191	234

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (c) Credit risk *(continued)*

##### *Impairment of financial assets (continued)*

31 December 2018	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Individuals	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Expected loss rate	0.05%–0.30%	0.08%–0.50%	0.15%–0.99%	0.37%–4.25%	1.02%–11.92%	100%	
Gross carrying amount — trade receivables	5,604	1,432	12	103	80	183	7,414
<b>Loss allowance</b>	13	2	–	4	9	183	211

Trade and retention receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period.

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

##### *Other financial assets at amortised cost*

Other financial assets at amortised cost include deposits, other receivables and loans to related parties and joint ventures. They are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. Based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. Management considered that the identified impairment loss under expected credit loss model was immaterial.

The movement of allowance for impairment and ageing analysis of trade receivables are disclosed in Note 19 of this combined financial statements.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligation. The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and short-term and long-term borrowings. The Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank and other borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	On demand S\$'000	Within 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	More than 5 years S\$'000	Total S\$'000
<b>As at 31 December 2019</b>						
Trade payables	-	10,075	-	-	-	10,075
Accruals, other payables and provisions, excluding staff cost payables and provision	-	2,537	-	-	-	2,537
Bank and other borrowings, including interest	20,970	2,071	1,540	1,193	-	25,774
Lease liabilities	-	712	536	552	139	1,939
	<b>20,970</b>	<b>15,395</b>	<b>2,076</b>	<b>1,745</b>	<b>139</b>	<b>40,325</b>

	On demand S\$'000	Within 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	More than 5 years S\$'000	Total S\$'000
<b>As at 31 December 2018</b>						
Trade payables	-	7,267	-	-	-	7,267
Accruals, other payables and provisions, excluding staff cost payables, good and services tax payable and provision	-	811	-	-	-	811
Bank and other borrowings, including interest	8,288	2,048	1,446	994	-	12,776
Lease liabilities	-	458	447	417	139	1,461
	<b>8,288</b>	<b>10,584</b>	<b>1,893</b>	<b>1,411</b>	<b>139</b>	<b>22,315</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.1 Financial risk factors *(continued)*

#### (d) Liquidity risk *(continued)*

The table below summarises the maturity analysis of the loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the 'on demand' time band in the maturity analysis contained above.

Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such loans will be repaid in accordance with the scheduled repayment date set out in the loan agreements.

Maturity Analysis — Bank borrowings subject to a repayment on demand clause based on scheduled repayments:

	<b>Within 1 year S\$'000</b>	<b>Between 1 and 2 years S\$'000</b>	<b>Between 2 and 5 years S\$'000</b>	<b>More than 5 years S\$'000</b>	<b>Total S\$'000</b>
<b>As at 31 December 2019</b>					
Borrowings	20,167	467	176	160	20,970
Interest	164	15	28	14	221
	<b>20,331</b>	<b>482</b>	<b>204</b>	<b>174</b>	<b>21,191</b>
<b>As at 31 December 2018</b>					
Borrowings	5,905	1,568	590	225	8,288
Interest	153	64	66	48	331
	6,058	1,632	656	273	8,619



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities, amount due to related parties and bank and other borrowings, less cash and cash equivalents and pledged bank deposits. Total capital is calculated as "equity" as shown in the combined balance sheets plus net debt.

The net debt to total capital ratios were as follows:

	2019 S\$'000	2018 S\$'000
Lease liabilities (Note 25)	1,793	1,313
Bank and other borrowings (Note 26)	25,560	12,589
Less: cash and cash equivalents and pledged bank deposits (Note 22)	(4,433)	(4,353)
Net debt	22,920	9,549
Total equity	36,896	31,372
Total capital	59,816	40,921
Net debt to total capital ratio	38%	23%

Under the terms of the Group's borrowing facilities, the Group is required to comply with certain financial covenants.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK AND CAPITAL MANAGEMENT *(continued)*

### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers among Levels 1, 2 and 3 during the year.

The carrying values of the Group's financial assets, including trade and retention receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents; and financial liabilities, including trade payables, accruals and other payables, and bank and other borrowings, approximate their fair values.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

### (a) Measure of progress of contract works for revenue recognition

The Group measures progress of contract works and recognises its revenue according to the proportion of actual cost of work performed to date as compared to total budgeted costs of contract works. Due to the nature of the activities undertaken in these projects, the date at which the project activities are entered into and the date when the activities are completed may fall into different accounting periods. Budgeted costs which mainly comprise labour costs, subcontracting charges, material and consumables and other costs are estimated by the management. Any significant variances in estimations of the budget costs will impact the measurement of progress which drives the revenue recognition of contract works in an accounting period. Management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(continued)*

### (b) Current and deferred income tax

The Group is subject to income taxes in Singapore. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred assets and income tax in the period in which such estimates are changed.

### (c) Impairment of trade and retention receivables and contract assets

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements

### (d) Estimated useful lives of property, plant and equipment and right-of-use assets

The Group's property, plant and equipment and right-of-use assets are depreciated based on their estimated useful lives and estimated residual values. This estimate is based on the expected utility of the asset to the Group and management experience in similar assets, and involve management's judgement. Actual economic lives may differ from estimated useful lives, and changes in management estimate could result in changes in depreciable lives and therefore depreciation expense in future periods.

### (e) Fair values of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in income statements. The Group obtains independent valuations at least annually. At the end of each reporting period, management update their assessment of the fair value of each property, taking into account the most recent independent valuations.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 5 SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on profit after income tax and considers all businesses as one operating segment.

The Group is principally engaged in the general construction of civil engineering projects through the operating companies in Singapore. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the operating companies as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities, other than those of certain joint ventures, are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis was presented.

During the year ended 31 December 2019, there were 3 customers (2018: 4) which individually contributed to over 10% of the Group's total revenue. Revenue generated from these customers during the year ended 31 December 2019 is summarised below:

	2019 S\$'000	2018 S\$'000
Customer 1	19,709	9,999
Customer 2	8,294	N/A
Customer 3	12,201	N/A
Customer 4	N/A	7,961
Customer 5	N/A	18,665
Customer 6	N/A	7,560

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 6 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following streams of revenue:

	2019 S\$'000	2018 S\$'000
Revenue from contract works	58,098	55,853
Road milling and resurfacing services	6,264	6,928
Ancillary support and other services	984	980
Sale of goods and milled waste	639	969
	<b>65,985</b>	<b>64,730</b>
Revenue recognised:		
Over time	65,346	63,761
At point in time	639	969
	<b>65,985</b>	<b>64,730</b>

## 7 OTHER INCOME AND OTHER GAINS, NET

	2019 S\$'000	2018 S\$'000
Other income:		
Rental income from investment properties	24	26
Interest income from a third party	–	12
Government grants	235	216
Others	145	68
	<b>404</b>	<b>322</b>
Other gains, net:		
(Loss)/gain on foreign exchange difference — net	(24)	6
Gain on disposal of property, plant and equipment, net (Note (i))	454	82
Fair value loss on investment properties (Note 14)	(50)	(10)
Changes in cash surrender value of key management insurance contracts (Note 16)	1	(20)
	<b>381</b>	<b>58</b>
	<b>785</b>	<b>380</b>

- (i) During the year ended 31 December 2019, the Group disposed of certain property, plant and equipment to a related company at consideration of S\$473,000 and recognised gain on disposal of approximately S\$387,000.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 8 EXPENSES BY NATURE

Expenses included in costs of sales and administrative expenses are analysed as follows:

	2019 S\$'000	2018 S\$'000
Raw material and consumables used	8,046	8,391
Subcontracting charges	10,848	12,529
Auditor's remuneration:		
— Audit services	230	152
Depreciation (Notes 13 and 25)	5,159	4,724
Employee benefit expenses, including directors' emoluments (Note 9)	19,666	19,804
Entertainment expenses	101	77
Insurance expenses	533	449
Legal and professional fees	344	516
Expenses relating to short term leases and low value assets (Note 25)	62	101
Site expenses	1,794	897
Transportation expenses	3,898	2,914
Repair and maintenance expenses	691	496
Write down of inventories	—	7
Listing expenses	3,532	—
Others	1,924	2,136
	<b>56,828</b>	<b>53,193</b>
Total cost of sales and administrative expenses		
	<b>56,828</b>	<b>53,193</b>
Cost of sales	46,251	46,716
Administrative expenses	10,577	6,477
	<b>56,828</b>	<b>53,193</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2019 S\$'000	2018 S\$'000
Wages, salaries and bonuses	18,211	18,697
Retirement benefit costs — defined contribution plans (Note i)	861	908
Staff benefits	594	199
	<b>19,666</b>	19,804

- (i) Central Provident Fund (“CPF”) is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act, Chapter 36 of Singapore (the “CPF Act”), an employer is obliged to make CPF contributions with 5% to 20% of wage for all employees who are Singapore citizens or permanent residents of Singapore. CPF contributions are not applicable for foreigners. The Group has no further obligation to retirement benefits of its employees once the contributions have been paid.

Employee benefit expenses have been included in combined statements of comprehensive income as follows:

	2019 S\$'000	2018 S\$'000
Cost of sales	15,755	16,283
Administrative expenses	3,911	3,521
	<b>19,666</b>	19,804

### Five highest paid individuals

For the year ended 31 December 2019, the five individuals whose emoluments were the highest in the Group included 2 directors (2018: 2), whose emolument are reflected in the analysis in Note 33. The emoluments paid/payable to the remaining 3 individuals were as follows:

	2019 S\$'000	2018 S\$'000
Wages, salaries and benefits in kind	562	460
Bonuses	103	97
Retirement benefit costs — defined contribution plans	34	53
	<b>699</b>	610

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(continued)

The emoluments of the remaining 3 highest paid individuals fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands		
HK\$1 to HK\$500,000 (equivalent to S\$1 to S\$84,745)	–	–
HK\$500,001 to HK\$1,000,000 (equivalent to S\$84,746 to S\$169,496)	–	–
HK\$1,000,001 to HK\$1,500,000 (equivalent to S\$169,497 to S\$254,235)	3	3
	<b>3</b>	<b>3</b>

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

## 10 FINANCE INCOME AND FINANCE COSTS

	2019 S\$'000	2018 S\$'000
<b>Finance income</b>		
Interests from:		
— Bank deposits	1	1
— Pledged bank deposits	12	–
	<b>13</b>	<b>1</b>
<b>Finance costs</b>		
Interests on:		
— Bank and other borrowings	671	589
— Lease liabilities	76	55
— Unwinding of discount of reinstatement costs	19	18
	<b>766</b>	<b>662</b>



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 11 INCOME TAX EXPENSES

Income tax had been provided at the applicable tax rate of 17% on the estimated assessable profits during the year ended 31 December 2019 (2018: 17%).

Hong Kong profits tax had not been provided for as the Group had no assessable profit in Hong Kong during the year ended 31 December 2019 (2018: Nil).

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

No provision for income tax in BVI has been made as the Group has no assessable income in BVI during the year ended 31 December 2019 (2018: Nil).

The amount of income tax expense charged to the combined statements of comprehensive income represents:

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
<b>Current tax</b>	<b>2,006</b>	1,664
<b>Deferred tax</b>	<b>55</b>	299
Under/(over) provision in prior years	<b>34</b>	(16)
<b>Income tax expense</b>	<b>2,095</b>	1,947

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 11 INCOME TAX EXPENSES *(continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the companies comprising the Group as follows:

	2019 S\$'000	2018 S\$'000
Profit before income tax	8,819	11,158
Share of loss of joint ventures, net of tax	325	201
Profit before income tax and share of loss of joint ventures	9,144	11,359
Tax calculated at 17%	1,554	1,931
Tax incentives (Note (i))	(52)	(186)
Income not subject to tax	–	(1)
Expenses not deductible for tax purposes	809	309
Statutory income tax exemption (Note (ii))	(52)	(52)
Tax losses not recognised as deferred tax assets	46	1
Utilisation of unrecognised deferred tax assets in prior years	(244)	(39)
Under/(over) provision in prior years	34	(16)
Income tax expense	2,095	1,947

Notes:

- (i) During the year ended 31 December 2019, tax incentives related to Corporate Income Tax Rebates by Inland Revenue Authority of Singapore (IRAS). During the year ended 31 December 2018, tax incentives related to Corporate Income Tax Rebates as well as tax credits from Productivity and Innovation Credit Scheme (PIC) granted by IRAS, which allowed the group entities to claim 400% tax deduction on qualifying expenditures up to 31 December 2018.
- (ii) During the year ended 31 December 2019, tax exemption relates to 75% tax exemption of the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income. During the year ended 31 December 2018, tax exemption relates to 75% tax exemption of the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal chargeable income.

## 12 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion in this combined financial statements is not considered meaningful as the results for the year ended 31 December 2019 were prepared on a combined basis and the Reorganisation has not been completed as at 31 December 2019 (2018: Same).

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 13 PROPERTY, PLANT AND EQUIPMENT

	Property S\$'000	Motor vehicles S\$'000	Computers, office equipment and furniture and fittings S\$'000	Plant and machinery S\$'000	Renovation S\$'000	Total S\$'000
<b>Year ended 31 December 2019</b>						
Opening net book amount	9,424	2,953	168	5,833	210	18,588
Addition	–	1,793	103	1,543	22	3,461
Disposal	–	(141)	(2)	(124)	–	(267)
Depreciation	(1,037)	(1,295)	(123)	(1,919)	(56)	(4,430)
Closing net book amount	8,387	3,310	146	5,333	176	17,352
<b>At 31 December 2019</b>						
Cost	14,339	11,821	855	12,457	744	40,216
Accumulated depreciation	(5,952)	(8,511)	(709)	(7,124)	(568)	(22,864)
Net book amount	8,387	3,310	146	5,333	176	17,352
<b>Year ended 31 December 2018</b>						
Opening net book amount	10,461	3,702	220	4,887	229	19,499
Addition	–	823	135	2,670	40	3,668
Disposal	–	(292)	–	(19)	–	(311)
Depreciation	(1,037)	(1,280)	(187)	(1,705)	(59)	(4,268)
Closing net book amount	9,424	2,953	168	5,833	210	18,588
<b>At 31 December 2018</b>						
Cost	14,340	10,759	834	11,601	722	38,256
Accumulated depreciation	(4,916)	(7,806)	(666)	(5,768)	(512)	(19,668)
Net book amount	9,424	2,953	168	5,833	210	18,588

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
Cost of sales	<b>3,186</b>	2,946
Administrative expenses	<b>1,244</b>	1,322
	<b>4,430</b>	4,268

As at 31 December 2019, the Group's borrowings are secured by mortgage of property and investment properties of the Group (Note 26) (2018: Same).

## 14 INVESTMENT PROPERTIES

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
<b>Cost</b>		
Beginning of the year	<b>1,960</b>	1,970
Net fair value loss recognised in profit or loss (Note 7)	<b>(50)</b>	(10)
End of the year	<b>1,910</b>	1,960

Independent valuations of the Group's investment properties were performed by Knight Frank Petty Limited, a qualified valuer, to determine the fair value of the investment properties as at 31 December 2019 (2018: Same).

Fair value loss were charged to other gains, net.

During the year ended 31 December 2019, part of the investment properties are leased to related parties (Note 30) (2018: Same).

As at 31 December 2019, all investment properties were mortgaged to secure the Group's bank borrowing (Note 26) (2018: Same).

As at 31 December 2019, the Group had no un-provided contractual obligations for future repairs and maintenance of its investment properties (2018: Nil).

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 14 INVESTMENT PROPERTIES *(continued)*

The following amounts were recognised in profit and loss:

	2019 S\$'000	2018 S\$'000
Rental income	24	26
Direct operating expenses	(30)	(26)
	<b>(6)</b>	–

Details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
25 Woodlands Industrial Park E1 #02-01 Admiralty Industrial Park Singapore 757743	A flatted factory unit	60 years lease commencing from 9 January 1995
31 Mandai Estate #05-04/05 Innovation Place Singapore 729933	2 amalgamated flatted factory units	Freehold

### Fair value hierarchy — Recurring fair value measurements

	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant other observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000
<b>31 December 2019</b>			
— Factory units	–	–	1,910
<b>31 December 2018</b>			
— Factory units	–	–	1,960

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1, 2 and 3 during the year ended 31 December 2019 (2018: Same).

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 14 INVESTMENT PROPERTIES *(continued)*

### Valuation Process of the Group

The fair value of the Group's investment properties at 31 December 2019 was determined by the valuer in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS) (2018: Same).

#### Valuation technique

Fair value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

#### As at 31 December 2019:

Investment properties	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
Factories	Sales comparison method	Estimated market price per square metre	\$2,367–\$5,471 per square metre

#### As at 31 December 2018:

Investment properties	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
Factories	Sales comparison method	Estimated market price per square metre	\$2,544–\$5,543 per square metre

Under the sales comparison method of valuation, fair value of the investment properties are derived from comparing the properties to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The most significant impact into this valuation approach is price per square metre. The higher the price per square metre, the higher the fair value of the investment properties.

There were no changes in valuation techniques during the year.

The Group's management reviews the valuation performed by independent valuer and holds discussion of the valuation processes with the qualified valuer once a year for financial reporting purpose.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 15 INVESTMENTS IN JOINT VENTURES

	2019 S\$'000	2018 S\$'000
At beginning of year	986	1,187
Share of post-acquisition loss of joint ventures	(325)	(201)
At end of year	<b>661</b>	986

Set out below are the joint ventures of the Group throughout the year ended 31 December 2019. These joint ventures have share capital consisting solely of ordinary shares, which are held directly by certain companies comprising the Group. The country of incorporation is also its principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2019	2018
SWG Alliance Pte. Ltd. and its subsidiaries (Note i)	Singapore	40	40
Futurus Construction Pte. Ltd. (Note ii)	Singapore	40	40

Notes:

- (i) SWG Alliance Pte. Ltd. ("**SWG**") is an investment holding company. The principal activities of its subsidiaries are manufacture of precast concrete, cement or artificial stone articles, asphalt products, and quarry products.
- (ii) Futurus Construction Pte. Ltd. is currently intended to engage in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry.

The Group had no commitment to provide funding, if called, to these joint ventures and there were no contingent liabilities relating to the Group's interests in these joint ventures for the year ended 31 December 2019 (2018: Same).

Set out below is the summarised financial information of joint ventures:

	<b>SWG Alliance Pte. Ltd. and its subsidiaries and Futurus Construction Pte. Ltd.</b>	
	2019 S\$'000	2018 S\$'000
Current assets	6,581	5,263
Non-current assets	8,614	3,886
Current liabilities	(12,915)	(5,936)
Non-current liabilities	(552)	(649)
Net assets	<b>1,728</b>	2,564

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 15 INVESTMENTS IN JOINT VENTURES *(continued)*

	SWG Alliance Pte. Ltd. and its subsidiaries and Futurus Construction Pte. Ltd.	
	2019 S\$'000	2018 S\$'000
Revenue	4,788	2,123
<b>Loss after tax</b>	<b>(910)</b>	<b>(527)</b>
<b>Other comprehensive income</b>	<b>8</b>	<b>10</b>
<b>Loss after tax and total comprehensive loss, net of tax</b>	<b>(902)</b>	<b>(517)</b>
<b>Attributable to:</b>		
— Equity owners of joint ventures	(812)	(502)
— Non-controlling interest	(90)	(15)
	<b>(902)</b>	<b>(517)</b>

Reconciliation of summarised financial information

	SWG Alliance Pte. Ltd. and its subsidiaries and Futurus Construction Pte. Ltd.	
	2019 S\$'000	2018 S\$'000
Opening net assets	2,564	2,966
Contribution from a non-controlling interest	66	115
Loss for the year	(902)	(517)
Closing net assets	1,728	2,564
Net assets attributable to a non-controlling interests of joint ventures	75	99
Net assets attributable to joint venture partners	992	1,479
Net assets attributable to the Group	661	986
	<b>1,728</b>	<b>2,564</b>



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 16 OTHER INVESTMENT

	2019 S\$'000	2018 S\$'000
Key management insurance contract	86	85
Movement of other investment are as follows:		
Beginning of year	85	–
Addition	–	105
Changes in cash surrender value of key management insurance contracts (Note 7)	1	(20)
End of year	86	85

The key management insurance contract was denominated in S\$.

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

	2019 S\$'000	2018 S\$'000
<b>Financial assets</b>		
Carried at amortised cost:		
Trade and retention receivables	7,724	8,958
Other receivables, excluding prepayments and good and services tax receivables	3,471	2,781
Pledged bank deposits	1,044	–
Cash and cash equivalents	3,389	4,353
	<b>15,628</b>	16,092
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade payables	10,075	7,267
Accruals and other payables, excluding staff cost payables, good and services tax payable and provisions	2,537	811
Bank and other borrowings	25,560	12,589
Lease liabilities	1,793	1,313
	<b>39,965</b>	21,980

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 18 INVENTORIES

	2019 S\$'000	2018 S\$'000
Raw materials and consumables	785	1,088

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately S\$8,046,000 for the year ended 31 December 2019 (2018: S\$8,391,000).

No inventories were written off during the year ended 31 December 2019 (2018: S\$7,000).

## 19 TRADE AND RETENTION RECEIVABLES

	2019 S\$'000	2018 S\$'000
Trade receivables		
— Third parties	6,340	7,243
— Related parties (Note 30(b)(i))	16	171
	<b>6,356</b>	7,414
Less: Allowance for impairment of receivables	(234)	(211)
Trade receivable — net	6,122	7,203
Retention sum for contract works	1,602	1,755
	<b>7,724</b>	8,958

The Group's credit terms granted to third-party customers other than retention sum for contract works is generally 30 to 45 days. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period.

The ageing analysis of the trade receivables, based on invoice date, was as follows:

	2019 S\$'000	2018 S\$'000
Less than 30 days	3,243	5,604
31–60 days	2,406	1,432
61–90 days	181	12
91–120 days	37	103
121–365 days	271	104
More than 1 year	218	159
	<b>6,356</b>	7,414

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 19 TRADE AND RETENTION RECEIVABLES *(continued)*

Movement in the allowance for impairment of trade receivables was as follows:

	<b>2019</b> <b>S\$'000</b>	2018 S\$'000
Beginning of year	211	314
Impairment made/(reversed)	45	(103)
Impairment utilised	(22)	–
End of year	<b>234</b>	211

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9 as disclosed in Note 3.1(c).

As at 31 December 2019, the carrying amounts of trade and retention receivables were denominated in S\$ and approximate their fair values (2018: Same).

Retention sum for contract works are settled in accordance with the terms of the respective contracts. In the combined balance sheet, retention sum for contract works were classified as current assets based on operating cycle. The analysis of the retention sum for contract works based on the terms of contracts were as follows:

	<b>2019</b> <b>S\$'000</b>	2018 S\$'000
To be recovered within 12 months	<b>1,602</b>	1,755

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 20 CONTRACT ASSETS/(LIABILITIES)

	2019 S\$'000	2018 S\$'000
Contract assets	41,052	17,730
Contract liabilities	(7)	(13)
Contract assets — net	<b>41,045</b>	17,717

### (i) Significant change in contract assets

The increase in contract assets during the year ended 31 December 2019 was attributed to more projects having substantial progress of the contract activities ahead of the agreed payment schedule.

### (ii) Revenue recognised in relation to contract liabilities:

	2019 S\$'000	2018 S\$'000
Revenue recognised in current year that was included in the contract liabilities balance at the beginning of the year	<b>13</b>	97

### (iii) Unsatisfied performance obligation:

Unsatisfied performance obligations resulting from fixed-price long-term contracts were analysed as follows:

	2019 S\$'000	2018 S\$'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	<b>271,671</b>	60,127
Expected to be recognised within one year	<b>128,406</b>	33,664
Expected to be recognised after one year	<b>143,265</b>	26,463
	<b>271,671</b>	60,127

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

### 21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 S\$'000	2018 S\$'000
Other receivables		
— Third parties	258	21
— Related parties (Note 30(b)(ii))	434	–
Loans to related parties (Note 30(b)(iii))	2,200	2,000
Deposits	579	760
Prepayments	2,216	285
Good and services tax receivable	76	–
	<b>5,763</b>	<b>3,066</b>

The carrying amounts of deposits and other receivables of the Group were denominated in S\$ and approximated their fair values.

### 22 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2019 S\$'000	2018 S\$'000
Cash at banks	3,337	4,270
Cash on hand	52	83
	<b>3,389</b>	<b>4,353</b>
Pledged bank deposits (Note (i))	1,044	–
	<b>4,433</b>	<b>4,353</b>

(i) As at 31 December 2019, bank deposits of approximately S\$1,044,000 was pledged for borrowings of the Group (2018: Nil).

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 22 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(continued)*

The carrying amounts of cash and cash equivalents and pledged bank deposits were denominated in the following currencies:

	2019 S\$'000	2018 S\$'000
Singapore dollars	4,431	4,351
United States dollars	2	2
	<b>4,433</b>	4,353

Cash and cash equivalents included the following for the purpose of the combined statements of cash flows:

	2019 S\$'000	2018 S\$'000
Cash and cash equivalents in the combined balance sheets	3,389	4,353
Less: Bank overdrafts (Note 26)	(4,223)	–
Cash and cash equivalents in the combined statements of cash flows	<b>(834)</b>	4,353

For the year ended 31 December 2019, cash at banks generated interests at prevailing market interest rates ranged from 0.02% to 1.28% (2018: 0.02% to 1.28%).

## 23 TRADE PAYABLES

The average credit period granted for trade purchase was 30 days.

	2019 S\$'000	2018 S\$'000
Trade payables		
— Third parties	8,724	7,036
— Related parties (Note 30(b)(iv))	1,351	231
	<b>10,075</b>	7,267

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 23 TRADE PAYABLES *(continued)*

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

	2019 S\$'000	2018 S\$'000
Less than 30 days	2,931	4,870
31–60 days	3,703	1,064
61–90 days	2,193	534
91–120 days	389	571
121–365 days	609	207
More than one year	250	21
	<b>10,075</b>	<b>7,267</b>

As at 31 December 2019, the carrying amounts of trade payables were denominated in S\$ and approximate their fair values (2018: Same).

## 24 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	2019 S\$'000	2018 S\$'000
<i>Current</i>		
Other payables	1,949	5
Accruals for operating expenses	2,848	2,942
Deposits received — refundable	8	50
Good and services tax payable	–	702
Provisions	231	124
	<b>5,036</b>	<b>3,823</b>
<i>Non-current</i>		
Provisions	337	318

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 24 ACCRUALS, OTHER PAYABLES AND PROVISIONS *(continued)*

The carrying amounts of accruals and other payables were denominated in the following currencies:

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
Singapore dollars	<b>3,150</b>	2,947
Hong Kong dollars	<b>1,521</b>	–
United States dollars	<b>126</b>	–
	<b>4,797</b>	2,947

Current provisions mainly represented provisions for leave entitlement and provision for repair works to be incurred after the completion of contract works. Non-current provisions represented provision for reinstatement costs.

Movement in provisions are as follows:

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
Beginning of year	<b>442</b>	478
Provision made/(reversed)	<b>107</b>	(54)
Unwinding of discount (Note 10)	<b>19</b>	18
End of year	<b>568</b>	442



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 25 LEASES

### (i) Amounts recognised in the combined balance sheets

	2019 S\$'000	2018 S\$'000
<i>Right-of-use assets</i>		
Land	1,737	1,254
Office equipment	12	29
	<b>1,749</b>	1,283
<i>Lease liabilities</i>		
Current	650	412
Non-current	1,143	901
	<b>1,793</b>	1,313

Additions to the right-of-use assets for the year ended 31 December 2019 were approximately S\$1,195,000 (2018: S\$312,000).

### (ii) Amounts recognised in the combined statements of comprehensive income

	2019 S\$'000	2018 S\$'000
<b>Depreciation charge of right-to-use assets</b>		
Land	711	430
Office equipment	18	26
	<b>729</b>	456
Interest expense (included in finance costs)	76	55
Expenses relating to short-term leases and low value assets	62	101
	<b>138</b>	156

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 25 LEASES *(continued)*

### (ii) Amounts recognised in the combined statements of comprehensive income *(continued)*

Depreciation of the Group's right-to-use assets has been charged to the combined statement of profit or loss as follow:

	<b>2019</b> <b>S\$'000</b>	2018 S\$'000
Cost of sales	<b>694</b>	412
Administrative expenses	<b>35</b>	44
	<b>729</b>	456

The total cash outflow for leases, excluding expenses relating to short term leases and low value assets, in 31 December 2019 were approximately S\$715,000 (2018: S\$441,000).

### (iii) The Group's leasing activities and how these are accounted for

The Group leases land and office equipment. Rental contracts are typically made for fixed periods of 2 to 13 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for other borrowing purposes.

Variable leases payment of land, initially measured using the rate at the commencement date, will be revised based on market rent prevailing every year but each increase shall not exceed 5.5% of the annual rent for each immediate preceding year. The Group reassess the right-to-use assets when the lease payment are revised.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to combined statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 26 BANK AND OTHER BORROWINGS

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
Bank overdrafts (Note 22)	<b>4,223</b>	–
Borrowings — secured	<b>21,239</b>	12,540
Borrowing from third party — unsecured	<b>98</b>	49
	<b>25,560</b>	12,589

The Group's borrowings, after taking into account of repayable on demand clause, were repayable as follows:

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
Within 1 year or on demand	<b>22,918</b>	10,222
After 1 year but within 2 years	<b>1,479</b>	1,477
After 2 years but within 5 years	<b>1,163</b>	890
	<b>25,560</b>	12,589

As at 31 December 2019, the Group's bank borrowings were secured by legal charges on investment properties (Note 14) and property of the Group (Note 13), pledged deposit (Note 22) and joint and several personal guarantees by the directors (2018: Same).

As at 31 December 2019, the carrying amounts of bank borrowings approximated their fair values (2018: Same).

Borrowing from third party represents loan from a non-controlling interest and was unsecured, interest free and repayable on demand.

The weighted average interest rate was 3.92% as at 31 December 2019 (2018: 3.86%).

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 27 DEFERRED INCOME TAXES

	2019 S\$'000	2018 S\$'000
Deferred income tax assets	206	261

Movement in deferred income tax assets and liabilities was as follows:

	2019 S\$'000	2018 S\$'000
Beginning of year	261	560
Tax charged to combined statements of comprehensive income	(55)	(299)
End of year	206	261

Movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

Deferred income tax assets:

	<b>Decelerated depreciation on property, plant and equipment</b>	
	2019 S\$'000	2018 S\$'000
Beginning of year	261	579
Tax charged to combined statements of comprehensive income	(55)	(318)
End of year	206	261

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 27 DEFERRED INCOME TAXES *(continued)*

Deferred income tax liabilities:

	Accelerated depreciation on property, plant and equipment	
	2019 S\$'000	2018 S\$'000
Beginning of year	–	(19)
Tax charged to combined statements of comprehensive income	–	19
End of year	–	–

For the year ended 31 December 2019, certain companies comprising the Group have unutilised tax losses giving rise to unrecognised deferred tax asset of approximately S\$46,000 (2018: S\$65,000) which are available for offset against future profit. No deferred tax asset has been recognised by Group in respect of these tax losses. All unutilised tax losses can be carried forward indefinitely under the current tax legislation.

## 28 COMBINED CAPITAL AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the purpose of this combined financial statements, combined capital as at 31 December 2019 represented the combined share capital of the companies comprising the Group, after elimination of intra-group investments.

In 2018, transactions with non-controlling interests of S\$245,000 were capital contributed by these non-controlling interest upon incorporation of a company within the Group.

Prior to 31 July 2018, WGE was 96% owned by the Controlling Shareholders and 4% owned by a non-controlling interest. On 31 July 2018, the Controlling Shareholders acquired the remaining 4% equity interests that was previously owned by the non-controlling interest at consideration of approximately S\$200,000, and thereafter, WGE was 100% owned by the Controlling Shareholders.

On 15 May 2019, the Company was incorporated as a limited liability company under the laws of the Cayman Island with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One share with a par value of HK\$0.01 each was issued to a third party initial subscriber. On the same day, such share was transferred to WGI BVI. The Company also allotted and issued 99 Shares to WGI BVI, credited as fully paid. As at 31 December 2019, the Company's share capital amounted to HK\$1, comprising 100 shares of HK\$0.01 each.

Refer to Note 35 for changes in the share capital of the Company and other group companies subsequent to 31 December 2019.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 29 DIVIDENDS

	2019 S\$'000	2018 S\$'000
Dividends	1,200	3,150

Dividends declared during the year ended 31 December 2019 represented dividends declared by the companies now comprising the Group to the then equity holders of those companies for the year ended 31 December 2019, after elimination of intra-group dividends (2018: Same).

No dividend has been paid or declared by the Company since its incorporation.

## 30 RELATED PARTY TRANSACTIONS

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

The directors are of the view that the following companies were related parties that had transactions or balances with the Group during the year ended 31 December 2019:

Name of the related party	Relationship with the Group through:
The controlling shareholders as defined in Note 1.1	Direct/indirect interests
Geenet Pte Ltd	Significant influence by Mr. Ng Choon Wee, son of NTS
Komasi Construction Pte Ltd	Significant influence by Mr. Ng Choon Tat, son of NTS
Eastern Green Power Pte Ltd	Significant influence by NTS
Ecobore Sdn Bhd	Significant influence by NTS
Kijang Endah Sdn Bhd	Significant influence by NTS, NTK, Mr. Chen Teck Men (" <b>CTM</b> "), spouse of NML and Ms. Pang Kip Moi, spouse of NTS
WG Setia Sdn Bhd	Controlled by NTS, NTK, NTF and CTM
D Trenchless Engineering Company Pte Ltd	Controlled by CTM, spouse of NML
Futurus Construction Pte Ltd	Joint venture of the Group
SWG Alliance Pte Ltd	Joint venture of the Group

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 30 RELATED PARTY TRANSACTIONS *(continued)*

### (a) Transactions with related parties

	2019 S\$'000	2018 S\$'000
Contract work revenue from: Eastern Green Power Pte Ltd	–	257
Sale of goods: Geenet Pte Ltd D Trenchless Engineering Company Pte Ltd	12 –	17 179
Ancillary support services to: Eastern Green Power Pte Ltd D Trenchless Engineering Company Pte Ltd Ecobore Sdn Bhd Geenet Pte Ltd	66 – – –	95 318 42 18
Sub-contracting charges from: Komasi Construction Pte Ltd D Trenchless Engineering Company Pte Ltd	(1,042) (5)	(210) (1,448)
Purchase of property, plant and equipment from: Futurus Construction Pte Ltd D Trenchless Engineering Company Pte Ltd	(13) –	– (117)
Sale of property, plant and equipment to: Ecobore Sdn Bhd	473	–

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 30 RELATED PARTY TRANSACTIONS *(continued)*

### (b) Balances with related parties

	2019 S\$'000	2018 S\$'000
(i) Trade and retention receivables		
Geenet Pte Ltd	2	6
Eastern Green Power Pte Ltd	14	120
Ecobore Sdn Bhd	–	42
Kijang Endah Sdn Bhd	–	1
WG Setia Sdn Bhd	–	2
	<b>16</b>	171
(ii) Other receivables		
Ecobore Sdn Bhd	434	–
(iii) Loans to related parties — Non-trade		
SWG Alliance Pte Ltd	2,200	2,000

The maximum of outstanding balance of loans to related parties were as follows:

	2019 S\$'000	2018 S\$'000
SWG Alliance Pte Ltd	2,200	2,000
(iv) Trade payables		
D Trenchless Engineering Company Pte Ltd	5	–
Komasi Construction Pte Ltd	1,336	223
Futurus Construction Pte Ltd	10	8
	<b>1,351</b>	231



# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 30 RELATED PARTY TRANSACTIONS *(continued)*

- (c) Other than loans provided to D-trenchless Engineering Company Pte Ltd which were charged at interest rate of 0.5% per month, unsecured and repayable within one year, all other balances with related parties were unsecured, interest-free, repayable on demand and denominated in S\$ during the year ended 31 December 2019 (2018: Same).

Balance due from Ecobore Sdn Bhd and SWG Alliance Pte Ltd will be settled before 31 August 2020.

All other receivables are trade in nature and will be settled in accordance with the terms of the arrangement.

Transactions with related parties were conducted in the normal course of business at prices and at terms as agreed by the transacting parties.

- (d) As at 31 December 2019, the Group's bank borrowings were secured by joint and several personal guarantees by directors (2018: Same).

- (e) As at 31 December 2019, the Group's performance bonds issued by insurance companies were secured by personal guarantees by directors (2018: Same).

(f) **Key management compensation**

Key management includes executive and non-executive directors of the Group. The compensation paid or payable to key management was disclosed in Note 33 to the combined financial statements.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 31 NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Reconciliation of profit after income tax to net cash generated from operations

	2019 S\$'000	2018 S\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	8,819	11,158
Adjustments for:		
Finance income	(13)	(1)
Finance costs	766	662
Allowance for/(reversal of) impairment of receivables	45	(103)
Foreign exchange loss/(gain) — unrealised	24	(6)
Write down of inventories	–	7
Gain on disposal of property, plant and equipment, net	(454)	(82)
Depreciation of property, plant and equipment	4,430	4,268
Depreciation of right-of-use assets	729	456
Fair value loss on investment properties	50	10
Changes in cash surrender value of key management insurance contracts	(1)	20
Share of loss in joint ventures	325	201
Operating cash flow before working capital changes	14,720	16,590
Changes in working capital		
Decrease/(increase) in inventories	303	(161)
Decrease in trade and retention receivables	1,189	499
(Increase)/decrease in deposits, prepayments and other receivables	(1,414)	38
Increase in contract assets, net	(23,328)	(797)
Increase/(decrease) in trade payables	2,784	(2,835)
Increase/(decrease) in accruals, other payables and provisions	1,213	(827)
Net cash (used in)/generated from operations	(4,533)	12,507

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 31 NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

- (b) In the combined statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
Net book amount	<b>267</b>	312
Gain on disposal of property, plant and equipment	<b>454</b>	82
Proceed from disposal of property, plant and equipment	<b>721</b>	394
Other receivables recognised	<b>(436)</b>	–
Total proceed from disposal of property, plant and equipment	<b>285</b>	394

### (c) Cash flow information — Financing activities

This section sets out the movement of liabilities from financing activities for the year ended 31 December 2019.

	Lease liabilities	Bank and other borrowings (excluded bank overdrafts)	Amounts due to controlling shareholders	Amounts due to a related party	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2018	1,442	14,025	144	30	15,641
Non-cash addition	312	–	–	–	312
Cash flow	(441)	(1,436)	(144)	(30)	(2,051)
As at 31 December 2018	1,313	12,589	–	–	13,902
As at 1 January 2019	<b>1,313</b>	<b>12,589</b>	–	–	<b>13,902</b>
Non-cash addition	<b>1,195</b>	–	–	–	<b>1,195</b>
Cash flow	<b>(715)</b>	<b>8,748</b>	–	–	<b>8,033</b>
As at 31 December 2019	<b>1,793</b>	<b>21,337</b>	–	–	<b>23,130</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 32 CONTINGENCIES

The Group had performance bonds for guarantees of completion of projects issued by insurance companies and banks amounting to approximately \$13,709,000 as at 31 December 2019 (2018: S\$5,306,000).

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$2,045,000 as at 31 December 2019 (2018: S\$1,625,000).

## 33 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

### (a) Directors' emoluments

The remunerations of the directors for the year ended 31 December 2019 is set out below:

	Fee S\$'000	Salaries and benefits in kind S\$'000	Bonuses S\$'000	Retirement benefit costs — defined contribution plans S\$'000	Total S\$'000
<b>For the year ended 31 December 2019</b>					
<i>Executive directors</i>					
Ng Tian Soo	25	449	81	10	565
Ng Tian Fah	–	339	65	19	423
	<b>25</b>	<b>788</b>	<b>146</b>	<b>29</b>	<b>988</b>

The remunerations of the directors for the year ended 31 December 2018 is set out below:

<b>For the year ended 31 December 2018</b>					
<i>Executive directors</i>					
Ng Tian Soo	–	360	72	13	446
Ng Tian Fah	–	278	58	17	352
	–	638	130	30	798

Gary Ng Sin Tong, Lee Wing Yin Jessica and George Christopher Holland were appointed as independent non-executive Directors on 18 February 2020. They did not receive any remuneration from the Group during the year ended 31 December 2019 (2018: Nil).

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

### 33 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

*(continued)*

#### **(b) Directors' retirement benefits**

During the year ended 31 December 2019, no retirement benefits were paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2018: Nil).

#### **(c) Directors' termination benefits**

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

#### **(d) Consideration provided to third parties for making available directors' services**

No payment was made to third parties for making available directors' services during the year ended 31 December 2019 (2018: Nil).

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

Save as disclosed in Note 30, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2019 (2018: Nil).

#### **(f) Directors' material interests in transactions, arrangements or contracts**

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

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

As at 31 December 2019

	Note	2019 S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Prepayments		1,011
<b>Total assets</b>		<b>1,011</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital		_*
Accumulated loss	34(a)	(3,647)
<b>Total deficit</b>		<b>(3,647)</b>
<b>Current liabilities</b>		
Other payables and accruals		1,958
Amount due to a related party		2,700
<b>Total liabilities</b>		<b>4,658</b>
<b>Total deficit and liabilities</b>		<b>1,011</b>

\* less than S\$1,000

The balance sheet of the Company was approved by the Board of Directors on 30 March 2020 and were signed on its behalf.

**Mr. Ng Tian Soo**  
Director

**Mr. Ng Tian Fah**  
Director

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

### As at 31 December 2019 *(continued)*

Note (a) Reserve movement of the Company

	Accumulated losses S\$'000
<b>At 15 May 2019 (date of incorporation)</b>	
Total comprehensive loss for the period	(3,647)
<b>At 31 December 2019</b>	<b>(3,647)</b>

## 35 SUBSEQUENT EVENTS

Saved as disclosed elsewhere in this report, subsequent to 31 December 2019, the following subsequent events took place

- (i) The Group conditionally adopted a share option scheme on 18 February 2020 under which any employee (full-time or part-time), director, consultant business partner, or service provider of any member of the Group may be granted options to subscribe for new shares of the Company. As of the date of this combined financial statements, no share options have been granted under the scheme.
- (ii) The Group undertook a series of transactions as part of the Reorganisation, details of which are as follows.
  - (a) On 12 February 2020, the Controlling Shareholders collectively transferred all of their respective shareholdings in WG BVI, the then holding company of the other companies comprising the Group, to the Company. In consideration for such transfer of shares, an aggregate of 100 shares of the Company was issued, allotted and credited as fully paid to WGI BVI.  
  
Upon completion of such share transfer, the Company became the holding company of all companies comprising the Group.
  - (b) On 18 February 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each by the creation of an additional 1,962,000,000 shares.
- (iii) On 12 March 2020, 797,999,800 shares of HK\$0.01 each were allotted and issued at par to the shareholders in proportion to their then shareholdings of the Company as at 18 February 2020 by capitalisation of an amount of HK\$7,979,998 standing to the credit of the share premium account of the Company.
- (iv) On 12 March 2020, the Company issued 266,000,000 shares at HK\$0.48 each through an initial public offering of shares and raised gross cash proceeds of approximately HK\$128 million (before listing expenses). The Company's shares were listed on the Main Board on 12 March 2020.

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 35 SUBSEQUENT EVENTS *(continued)*

- (v) Since January 2020, Singapore and Malaysia have reported certain confirmed cases of Novel Coronavirus ("**COVID-19**"). The Singapore Government has made numerous precautionary measures and the Malaysia Government has Implemented Movement Control Order ("**MCO**") from 18 March 2020 to 14 April 2020 which called for closure of all non-essential services. The outbreak of COVID-19 is affecting the usual business environment of both Singapore and Malaysia, the two jurisdictions in which the Group operates.

The Group has adopted precautionary and control measures to mitigate the impact of the COVID-19 to the Group's operations, including but not limited to flexible work-from-home practices and procurement of supplies for epidemic prevention and control. One of the joint ventures of the Group, SWG and its subsidiaries ("**SWG Group**") have temporarily suspended some of their Malaysia's operations due to the MCO imposed by the Malaysia Government. Management expects SWG Group will resume into normal operation when the MCO is lifted.

Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.



## SUMMARY OF FINANCIAL INFORMATION

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

### COMBINED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			
	2019 S\$'000	2018 S\$'000	2017 S\$'000	2016 S\$'000
Revenue	65,985	64,730	72,785	53,127
Cost of sales	(46,251)	(46,716)	(60,674)	(40,412)
Gross profit	19,734	18,014	12,111	12,715
Profit before income tax	8,819	11,158	5,542	5,850
Profit and total comprehensive income for the year attributable to owners of the Company	6,769	8,990	4,773	4,592

### ASSETS AND LIABILITIES

	As at 31 December			
	2019 S\$'000	2018 S\$'000	2017 S\$'000	2016 S\$'000
Total assets	81,721	58,358	56,605	50,317
Total liabilities	44,825	26,986	31,539	28,222
Total equity	36,896	31,372	25,066	22,095