SOLIS HOLDINGS LIMITED
守益控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 2227

Annual Report

2019

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Tay Yong Hua *(Chairman)*
Mr. Liang Qianyuan *(appointed on 13 December 2019)*
Mr. Tay Yong Meng *(resigned on 4 January 2020)*
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) *(resigned on 13 December 2019)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok *(appointed on 11 June 2019)*
Dr. Guan Huan Fei *(appointed on 23 August 2019)*
Mr. Jacobsen William Keith *(appointed on 25 September 2019)*
Mr. Liu Hongen *(appointed on 4 January 2020)*
Ms. Theng Siew Lian Lisa *(resigned on 4 January 2020)*
Mr. Tan Sin Huat Dennis *(resigned on 16 December 2019)*
Mr. Law Wang Chak Waltery *(resigned on 11 June 2019)*

AUDIT COMMITTEE

Mr. Cheung Garnok *(Chairman)* *(appointed on 11 June 2019)*
Dr. Guan Huan Fei *(appointed on 23 August 2019)*
Mr. Jacobsen William Keith *(appointed on 25 September 2019)*
Mr. Law Wang Chak Waltery *(resigned on 11 June 2019)*

REMUNERATION COMMITTEE

Mr. Jacobsen William Keith *(Chairman)* *(appointed on 25 September 2019)*
Mr. Tay Yong Hua
Mr. Cheung Garnok *(appointed on 11 June 2019)*
Mr. Law Wang Chak Waltery *(resigned on 11 June 2019)*

NOMINATION COMMITTEE

Dr. Guan Huan Fei *(Chairman)* *(appointed on 23 August 2019)*
Mr. Cheung Garnok *(appointed on 11 June 2019)*
Mr. Liu Hongen *(appointed on 4 January 2020)*
Mr. Tan Sin Huat Dennis *(resigned on 16 December 2019)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Liang Qianyuan *(Chairman)* *(appointed on 13 December 2019)*
Dr. Guan Huan Fei *(appointed on 23 August 2019)*
Mr. Jacobsen William Keith *(appointed on 25 September 2019)*
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) *(resigned on 13 December 2019)*

COMPANY SECRETARY

Mr. Lee Kwok Lun *(appointed on 23 December 2019)*
Mr. Ng Chit Sing *(resigned on 23 December 2019)*

AUTHORIZED REPRESENTATIVES

Mr. Liang Qianyuan *(appointed on 13 December 2019)*
Mr. Lee Kwok Lun *(appointed on 23 December 2019)*
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) *(resigned on 13 December 2019)*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

85 Tagore Lane
Singapore 787527

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Perfect Commercial Building
No. 20 Austin Avenue, Tsim Sha Tsui,
Kowloon, Hong Kong

Corporate Information *(continued)*

INDEPENDENT AUDITORS

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

PRINCIPAL BANKERS

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

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

STOCK CODE

2227

COMPANY WEBSITE

www.TheSolisGrp.com

Chairman's Statement

Dear Shareholders,

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

The year 2019 was a challenging year to the Group as the Group operated against a backdrop of heightened economic uncertainty along with intensifying competition. Singapore's construction market continues to be in a downturn, and project tendering competition is fierce. These factors have contributed to a substantial loss in our financial performance for the Year.

However, the Group maintained firm determination to stride through the arduous situation. As the industry and business conditions get tougher, our efforts to stay relevant in this dynamic market is integral to the success of the business. Beyond competition, we will also evaluate our cost structure, as well as to constantly refine our pricing strategies to alleviate the impact of margin erosion.

The challenges in the overall business environment will not be lifted in the near term and the Group expects the Singapore construction market to remain volatile. To stay abreast of the competitive environment, the Group will continue to emphasise the retention of its experienced employees and the development of the competency of its project team in order to capitalise on any opportunities that may arise. Given its solid track record and well-established reputation as a reliable and efficient provider of mechanical and electrical engineering services in the building and construction industry, the Group will step up by embracing new technologies and carefully evaluate the potential costs and secure more projects to increase shareholders' return.

I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their diligence, commitment and contributions throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

Tay Yong Hua
Executive Chairman and Executive Director

Singapore, 23 March 2020

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is a design and build mechanical and electrical ("M&E") engineering contractor in Singapore and our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems; and (ii) building and installation of the M&E systems. The Group has been established for over 30 years and specialises in electrical engineering, and the projects are in relation to new building developments and major additions and alterations ("A&A") works, which include private residential, mixed residential and commercial developments and institutional buildings.

The construction market sentiment in Singapore has been subdued since the start of 2018. With the looming economic slowdown in Singapore affected by the trade rows between the two biggest economies in the world, the construction demand in Singapore has also been greatly affected. Even though the Ministry of Trade and Industry of Singapore (the "MTI") reported that the construction sector expanded by 2.8%, a turnaround from the 3.5% contraction in 2018, supported by both public sector and private sector construction works, the construction market in Singapore still remains competitive and challenging with falling tender prices. Competition has intensified across all our markets as our industry peers jostle for market share while operating costs continued to escalate, further adding pressure on the profit margins. Consequently, this resulted in decreases in our tender prices for the recent awarded tenders; the profitability of these projects is 50-70% lower as compared to the prior financial years.

For 2020, uncertainties in the global economy are expected to remain. Should the outbreak of the coronavirus disease 2019 ("COVID-19") be more widespread, severe and protracted than anticipated, there could be sharper pullback in global consumption and will negatively affect global trade and economic growth which in turn will weaken the Singapore economy. However, the construction sector is projected to post steady growth given the rebound in construction demand since 2018 as viewed by the MTI per reported on 17 February 2020.

Going forward, the Group expects the local construction market in 2020 to remain competitive and demanding with continuous pressures on contract values and stiff competition for new projects. The Group will continue to persist in its participation in new project tenders in order to secure more projects and actively involved in the local construction market. As we expect operating costs to escalate further, we will stay competitive and enhance productivity through skills upgrading and the adoption of innovation and technology, in our construction business to optimise margins.

For the year ended 31 December 2019, the Group's revenue increased by 4.7% to approximately S$19.9 million as compared to approximately S$19.0 million recorded in the last financial year. The increase in revenue was mainly due to the completion of two public sector projects which contributed revenue of approximately S$9.1 million for the year ended 31 December 2019 (and only approximately S$4.9 million for the year ended 31 December 2018). However, our gross profit decreased by 139.3%, from approximately S$6.1 million for the year ended 31 December 2018 to a gross loss of approximately S$2.4 million for the year ended 31 December 2019 which arose from the completion of four projects (one private sector project and three public sector projects) of which the profit margins decreased significantly from approximately a range of 31-33% for the year ended 31 December 2018 to approximately less than 10% for the year ended 31 December 2019.

Management Discussion and Analysis *(continued)*

Completed projects

During the year ended 31 December 2019, the Group had completed six projects with an aggregated contract value of approximately S$63.6 million.

Ongoing projects

As at 31 December 2019, the Group had four ongoing projects with an aggregate contract sum of approximately S$20.9 million, of which approximately S$7.6 million had been recognised as revenue as at 31 December 2019. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

The details of ongoing projects as at 31 December 2019 are as follows:

Type of building development	Sector	Scope of works	Contract sum [1] S$ million
Private residential	Private	Design and Build, and installations of M&E systems	6.8
Healthcare	Public	Build and installation of M&E systems	4.2
Private residential	Private	Design and Build, and installations of M&E systems	6.8
Educational institutional	Private	Build and installation of M&E systems	3.1

Note:

(1) The contract sum includes variation orders received to-date where we performed additional works to the originally contracted.

Newly awarded projects

During the year ended 31 December 2019, the Group has secured two newly awarded contracts with an aggregate contract value of approximately S$9.9 million. Details of the newly awarded projects are included in the table of the "Ongoing projects" above.

Subsequent to the year ended 31 December 2019, the Group secured a newly awarded contract with an aggregate contract value of approximately S$6.9 million. Details of the newly awarded project are as follows:

Type of building development	Sector	Scope of works	Contract sum S$ million	Expected completion date
Classified	Public	Build and installation of M&E systems	6.9	December 2021

Management Discussion and Analysis *(continued)*

Financial Highlight and Overview

	For the year ended 31 December		
	2019	2018	Change
	S$' million	S$' million	%
Revenue	**19.9**	19.0	4.7
Gross (loss) profit	**(2.4)**	6.1	–139.3
Gross (loss) profit margin	**(12.1%)**	32.1%	–44.2
Net (loss) profit	**(7.6)**	0.7	–1185.7
Earnings (Loss) per share (S$) cents	**(0.90)**	0.09	–1100.0

Revenue

The Group derived revenue from our design and/or build and installation of M&E systems for both private sector and public sector projects.

	For the year ended 31 December					
	2019			2018		
	Number of projects with revenue contribution	**S$ million**	**% of total revenue**	Number of projects with revenue contribution	S$ million	% of total revenue
Private sector projects	**5**	**9.6**	**48.2**	7	11.0	57.9
Public sector projects	**4**	**10.3**	**51.8**	4	8.0	42.1
Total	**9**	**19.9**	**100.0**	11	19.0	100.0

Our revenue increased by approximately S$0.9 million or 4.7%, from approximately S$19.0 million for the year ended 31 December 2018 to approximately S$19.9 million for the year ended 31 December 2019, which was mainly due to the increase in revenue contributed by the public sector projects from approximately S$8.0 million for the year ended 31 December 2018 to approximately S$10.3 million for the year ended 31 December 2019. Such increase in revenue was mainly due to the completion of two public sector projects which contributed revenue of approximately S$9.1 million for the year ended 31 December 2019 (and only approximately S$4.9 million for the year ended 31 December 2018). The increase was offset by a completed private sector project which contributed revenue of approximately S$1.0 million for the year ended 31 December 2019 as compared to the corresponding year of approximately S$2.2 million. Aside from the abovementioned projects, there were increases and decreases in revenue recognised from our projects due to varying amount of works performed in different financial periods.

Cost of Services

Our cost of services increased by approximately S$9.4 million or 72.9%, from approximately S$12.9 million for the year ended 31 December 2018 to approximately S$22.3 million for the year ended 31 December 2019. The quantum of the increase in our cost of services is not in line with the increase in our revenue which was largely due to unforeseen circumstances noted during the year. The delays of several projects which were mainly attributed from the progress of our customers as the construction activities were mainly driven by them, although did not lead to contingent liabilities but on the other hand, increased our cost of services as more subcontracting costs were incurred to catch up on the delays from approximately S$1.5 million for the year ended 31 December 2018 to approximately S$3.7 million for the year ended 31 December 2019. Our material costs also increased from approximately S$5.7 million for the year ended 31 December 2018 to approximately S$13.1 million for the year ended 31 December 2019 due to the design changes of the projects during the year.

Gross (loss) profit and gross (loss) profit margin

	For the year ended 31 December					
	2019			2018		
	Revenue S$' million	**Gross loss S$' million**	**Gross loss margin %**	Revenue S$' million	Gross profit S$' million	Gross profit margin %
Private sector projects	**9.6**	**(0.3)**	**(3.1)**	11.0	3.5	31.8
Public sector projects	**10.3**	**(2.1)**	**(20.4)**	8.0	2.6	32.5
Total	**19.9**	**(2.4)**	**(12.1)**	19.0	6.1	32.1

Our gross profit decreased by approximately S$8.5 million or 139.3%, from approximately S$6.1 million for the year ended 31 December 2018 to a gross loss of approximately S$2.4 million for the year ended 31 December 2019. The gross loss arose mainly from the completion of four projects (one private sector project and three public sector projects) of which the profit margins decreased significantly from approximately a range of 31-33% for the year ended 31 December 2018 to approximately less than 10% for the year ended 31 December 2019. The decrease in the profit margins for these four projects were mainly due to higher cost of services incurred from the delays and design changes of the projects during the year.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group increased by approximately S$0.7 million or 15.2%, from approximately S$4.6 million for the year ended 31 December 2018 to approximately S$5.3 million for the year ended 31 December 2019. The increase is mainly attributable to higher manpower costs being allocated to the tender department to assist on the securing of new tenders and the increase in depreciation expense due to the completion of the addition and alteration works of our property during the year.

FINANCE COSTS

The finance costs of the Group comprised interest expenses on obligations under finance leases for our motor vehicles and bank borrowing. Our finance costs decreased from approximately S$40,000 for the year ended 31 December 2018 to approximately S$13,000 for the year ended 31 December 2019. The decrease was mainly due to the full repayment of the bank borrowing in April 2019 and the completion of the repayment term of the finance leases for our motor vehicles in October 2019.

INCOME TAX (CREDIT) EXPENSES

The income tax credit amounted to approximately S$48,000 for the year ended 31 December 2019; while there was an income tax expense of approximately S$0.8 million for the year ended 31 December 2018. Such credit was attributable to the overprovision of deferred tax in prior years which was slightly offset by the underprovision of income tax expense in prior years. As the Group recorded a loss for the year, there was no income tax expense incurred.

(LOSS) PROFIT FOR THE YEAR

Loss for the year amounted to approximately S$7.6 million; while there was a net profit of approximately S$0.7 million for the year ended 31 December 2018, representing a decrease of approximately S$8.3 million.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group practised prudent financial management and maintained a strong and sound financial position during the year ended 31 December 2019. As at 31 December 2019, the Group had cash and bank balances of approximately S$15.9 million (2018: approximately S$18.3 million) and available unutilised banking facilities of approximately S$6.8 million (2018: approximately of S$6.3 million).

As at 31 December 2019, the Group had no interest-bearing borrowings (2018: approximately S$1.4 million). The Group's current ratio as at 31 December 2019 was approximately 4.3 times (2018: approximately 5.8 times) and the gearing ratio of the Group was Nil% (2018: 3.7%).

PLEDGE OF ASSETS

As at 31 December 2019, the Group had pledged fixed deposits of approximately S$0.2 million (2018: approximately S$0.2 million) to secure the banking facilities granted to the Group. The Group's two owned properties with a fair value amounted to approximately S$20.5 million (2018: approximately S$20.0 million) were also pledged for mortgage to secure the bank facilities as at 31 December 2019 and 2018.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to approximately S$1.6 million (2018: approximately $2.1 million) that are exposed to 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.

CAPITAL STRUCTURE

As at 31 December 2019, there has been no change to the capital structure of the Company. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations, bank facilities, and net proceeds from the Share Offer.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2019, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS HELD AND PRINCIPAL PROPERTIES

Save for those disclosed in relation to the investment in listed equity shares and properties held by the Group, as at 31 December 2019, the Group did not have any other investment in equity interest in any other company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of 206 employees (2018: 259 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S$8.3 million for the year ended 31 December 2019 (approximately S$8.3 million for the year ended 31 December 2018).

The Group's employees are remunerated according to their job scope, responsibilities, and performance. On top of basic salaries, employees are also entitled to discretionary bonuses depending on their respective performance and the profitability of the Group. The Group's foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

The emoluments of Directors were reviewed by the remuneration committee of the Company, having regard to salaries paid by comparable companies, experience, responsibilities and performance of the Group, and approved by the Board.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group does not have any other plans for material investments and capital assets as at 31 December 2019.

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison between the Group's business plans as set out in the prospectus of the Company dated 28 November 2017 (the "Prospectus") and the Group's actual business progress for the year ended 31 December 2019:

Business Plan for the year ended 31 December 2019 as set out in the Prospectus	Actual Business Progress as at 31 December 2019
Increase our workforce to expand operations by recruiting and retaining project managers, engineers and foremen.	The business plan to expand our operations is put on hold until the Group has secured sufficient projects for the increase in the Group's scale of operations.
Purchase of machinery and equipment such as scissor lifts, excavator and wide-format colour scanner and AutoCAD-compatible plotter, and lorries to support our business expansion.	The Group had acquired scissor lifts and the wide-format colour scanner and AutoCAD-compatible plotter.
Purchase of additional property to support our business expansion.	The Group had acquired an additional property in November 2018. The dormitories of the acquired property are used to accommodate our foreign workers while the office and warehouse space are leased out to external parties for a short term lease of one year. Since the business plan to expand our business is put on hold, for the interest of the Group, we will be able to receive rental income till the Group has secured sufficient projects for the increase in the Group's scale of operations.
Expand our internal competencies by recruiting and retaining project managers, engineers and workers.	The business plan to expand our operations are put on hold till the Group has secured sufficient projects for the increase in the Group's scale of operations.
Build our competencies in building information modelling ("BIM") by recruiting and retaining BIM certified staff and related software.	The business plan to expand our operations are put on hold till the Group has secured sufficient projects for the increase in the Group's scale of operations.

USE OF LISTING PROCEEDS

The net proceeds from the listing, after deducting listing related expenses, were approximately HK$132.2 million (approximately S$24.0 million), out of which approximately S$2.2 million has been utilised as at 31 December 2019.

The future plan and scheduled use of proceeds as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied with consideration of the actual development of business and market. As of 31 December 2019, the Group does not anticipate any change to the plan as to the use of listing proceeds. The majority of the unused net proceeds have been placed as interest bearing short-term demand deposits with licensed banks in Singapore and Hong Kong.

As at 31 December 2019, the net listing proceeds has been applied and utilised as follows:

Use of net proceeds	**Total net proceeds from share offer and available as at 1 January 2019**	**Utilised as at 31 December 2019**	**Total remaining net proceeds available as at 31 December 2019**
	(S$' million)	(S$' million)	(S$' million)
Increase our workforce	3.7	1.6	2.1
Purchase of machinery and equipment, and lorries	1.3	–	1.3
Purchase of additional property	1.2	–	1.2
Expand our internal competencies	6.9	–	6.9
Build our competencies in BIM	0.5	–	0.5
General working capital	0.6	0.6	–
Total	14.2	2.2	12.0

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a) On 31 December 2019, the Company entered into a Sale and Purchase Agreement (the "SPA") with Mr. Zheng Mingqiang and MKD Group Holdings Limited pursuant to which the Company acquired 49% of the issued share capital of D.D. Resident Co., Ltd., a limited liability company incorporated in Thailand, at a consideration of HK$58,000,000.

There are precedent conditions set forth in the SPA to be fulfilled or waived, which are substantive in nature and had not been fulfilled or waived as at 31 December 2019, and as such, the acquisition has not complete as at year end. Those conditions were subsequently fulfilled or waived, and the completion thereof took place on 16 January 2020.

On 21 January 2020, the Company has allotted and issued 75,600,000 consideration shares at the Issue Price of HK$0.60 per consideration share in satisfying part of the consideration amounting to HK$45,360,000. After the completion, the consideration shares represent approximately 8.26% of the total number of issued shares of the Company as enlarged by the allotment and issue of the consideration shares.

The financial performance and financial position of the acquired entity is not expected to have a material impact on the financial statements of the Group upon completion.

The Group plans to expand its business to Thailand by acquiring D.D. Resident Co. Ltd. and a hotel under its operation in the country, with a view to offset the risks arising from regional operation under the sluggish market conditions in Singapore in recent years. The Directors consider that the acquisition will ensure the foundation of the Group's investment business in Thailand and broaden its asset diversity, thereby supporting the future profitability of the Group. The Directors believe that through the Group's upcoming staff training and business process iteration in D.D. Resident Co. Ltd., the performance of D.D. Resident Co. Ltd. will embrace continuous growth, which in turn will make sustained contribution to the profits of the Group.

b) The Group will pay close attention to the development of the outbreak of the COVID-19 subsequent to the end of the reporting period and its related impact on the Group's businesses and financials. Based on the currently available information, the Group considers the event would not have a material impact to the Group's operation given that there is no major disruptions for on-going projects. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak, if any, on the Group's 2020 financial statements could be significantly different from the estimates disclosed above depending on how the situation evolves, and the Group will closely monitor in this regard. The financial statements of the Group for the financial period ended 31 December 2019 have not been adjusted for the financial effect as a result of the COVID-19 outbreak.

Biographical Details of the Directors of the Company and Senior Management

EXECUTIVE DIRECTORS

Mr. Tay Yong Hua ("Mr Tay"), aged 61, is the founder of the Group. He was appointed as a Director on 21 June 2017. He was re-designated as an executive Director and appointed as the executive Chairman on 11 July 2017. He is also a member of remuneration committee.

Mr. Tay founded the Group as a sole proprietor business in 1983 and has been our Group's chairman and managing director since the incorporation of Sing Moh Electrical Engineering Pte Ltd ("Sing Moh"). Mr. Tay presides over a skilled workforce of about 260. Apart from setting the vision and the mission for the Group and guiding the Group to achieve its long-term business and financial objectives, Mr. Tay is also responsible for key clients/vendors partnership development and new business development.

Mr. Tay is an entrepreneur with over three decades of start-up and operational experience with a wide range of mechanical and electrical projects. In 1983, Mr. Tay founded Sing Moh Electrical Engineering Company as a sole-proprietorship, and in 1988, the sole proprietor business became Sing Moh Electrical Engineering Pte Ltd.

Mr. Tay is the brother of Mr. Tay Yong Meng (Director of Sing Moh) and the uncle of Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) (Director of Sing Moh).

Mr. Liang Qianyuan ("Mr. Liang"), aged 62, was appointed as a non-executive Director on 25 September 2019 and was re-designated as an executive Director and appointed as the chief executive officer of the Company on 13 December 2019. He is also the chairman of corporate governance committee.

Mr. Liang obtained an academic diploma of Party and government cadres from Guangdong Radio & TV University in 1986. Mr. Liang has more than 30 years' experience in the banking industry and corporate advisory in the People's Republic of China. He currently is a director of Shenzhen City Hua Shang Zhi Jia Wealth Management Co., Ltd.（深圳市華商之家財富管理有限公司）.

Mr. Liang was appointed as a non-executive Director of Core Economy Investment Group Limited (Stock Code: 339) with effect from 4 July 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok ("Mr. Cheung"), aged 44, was appointed as an independent non-executive Director of the Company on 11 June 2019. He is also the chairman of audit committee and a member for each of remuneration committee and nomination committee.

Mr. Cheung has over two decades of experience involving in the public accounting, auditing, corporate accounting and compliance areas. He also has extensive business exposure across industry sectors in real estates, hotel hospitality, ports, property development, FMCG (fast-moving consumer goods), fashion retailing, ecommerce, digital marketing and logistics.

Since June 2015, Mr. Cheung has been the chief financial officer for eCargo Holdings Limited ("eCargo"), an ecommerce-enabling and technology company with operations in Hong Kong, China and Australia and listed on the Australian Securities Exchange (ASX: ECG). In addition to his responsibilities on finance and accounting matters, Mr. Cheung is also responsible for eCargo's strategic planning, daily operations, investor relations and business development. Between February 2006 and March 2013, Mr. Cheung was the assistant to managing director and subsequently between February 2013 and May 2015, the chief financial officer at ITC Corporation Limited ("ITC", renamed as PT International Development Corporation Limited), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 372) that invest in a diversified portfolio group of listed and unlisted ventures. He served as a director of a number of operating subsidiaries of ITC.

Mr. Cheung received his Bachelor degree in Finance from the University of Hong Kong in July 1998. He is a certified public accountant recognised by the Washington State, U.S.A, since August 2005 and is a member of the American Institute of Certified Public Accountants since November 2012. He is also a Chartered Global Management Accountant since November 2012. He has completed the Blockchain Strategy Programme at the University of Oxford, England, United Kingdom in May 2018 (through long distance learning).

Dr. Guan Huan Fei ("Dr. Guan"), aged 62, was appointed as an independent non-executive Director of the Company on 23 August 2019. He is also the chairman of nomination committee, and a member of each of audit committee and corporate governance committee.

Dr. Guan has extensive experience in the finance and insurance industry in Hong Kong and the People's Republic of China. He held various senior managerial positions in the People's Insurance Company of China (Jilin Branch)（中國人民保險公司吉林省分公司）, the business department of Hong Kong and Macao Regional Office of China Insurance Group（中國保險港澳管理處）, Ming An Insurance Company (Hong Kong) Limited（香港民安保險有限公司）and China Pacific Insurance Co., (HK) Ltd.（中國太平洋保險（香港）有限公司）. He also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee, deputy chairman of credit asset management, chairman of loan verification committee, deputy general manager of the Bank of Communications Hong Kong Branch, the director of Bank of Communications Trustee Limited, the chairman and chief executive of China BOCOM Insurance Co., Ltd. and an executive Director and general manager of BoComm Life Insurance Company Limited.

Dr. Guan is also currently an independent non-executive Director for each of China Nonferrous Mining Corporation Limited (stock code: 1258), HongDa Financial Holding Limited (stock code: 1822), China Shandong HiSpeed Financial Group Limited (stock code: 412), Huarong International Financial Holdings Limited (stock code: 993) and Sunwah Kingsway Capital Holdings Limited (stock code: 188).

Dr. Guan was appointed as a non-executive Director of Ping An Securities Group (Holdings) Limited (stock code: 231) for the period from December 2017 to June 2018. Dr. Guan had been the chairman emeritus of Culturecom Holdings Limited (stock code: 343) and the chairman of the board of directors of UCAN.COM Group Limited, a subsidiary of Culturecom Holdings Limited from July 2013 to March 2016. Dr. Guan has been an executive Director of CCT Land Holdings Limited (stock code: 261) since May 2015 and had resigned in September 2017. Dr. Guan was an independent non-executive Director of Silver Base Group Holdings Limited (stock code: 886) for the period from March 2008 to January 2011. He was an executive Director and president of the said company from January 2011 to December 2012.

Dr. Guan obtained a Doctor's degree in Economics in 2000 from Wuhan University and was a postdoctoral researcher in Theoretical Economics with Fudan University from 2000 to 2002. Dr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004. He has been appointed as a part-time lecturer of a professional degree of Fudan University since 2013. Dr. Guan is an economic and technical consultant of Jilin Provincial Government.

Mr. Jacobsen William Keith ("Mr. Jacobsen"), aged 53, was appointed as an independent non-executive Director of the Company on 25 September 2019. He is also the chairman of remuneration committee and a member for each of audit committee and corporate governance committee.

Mr. Jacobsen is a responsible officer of a licensed corporation to advise on corporate finance matters. Mr. Jacobsen has more than 25 years of experience in corporate finance and business development.

Mr. Jacobsen is a non-executive Director of Cocoon Holdings Limited (stock code: 428) since 17 November 2014, an independent non-executive Director of KK Culture Holdings Limited (stock code: 550) since 8 September 2015 and an independent non-executive Director of abc Multiactive Limited (stock code: 8131) since 10 July 2009. He was also an independent non-executive Director of Sustainable Forest Holdings Limited (stock code: 723) and a non-executive Director of Ping An Securities Group (Holdings) Limited (stock code: 231) for the period from 4 January 2013 to 29 December 2017 and from 12 August 2015 to 30 September 2016 respectively.

Mr. Jacobsen obtained a Bachelor's Degree in Law from the University of Hong Kong and a Master's Degree in Business Administration from the University of British Columbia.

Mr. Liu Hongen ("Mr. Liu"), aged 54, was appointed as an independent non-executive Director on 4 January 2020. He is also a member of the nomination committee.

Mr. Liu Hongen has over 30 years of experience in public relation, media and brand building. Mr. Liu obtained a Bachelor's Degree in Journalism of Zhengzhou University in 1987. In 1987, he started his career as a reporter, editor and program director in Zhengzhou People's Broadcasting station and eventually, he promoted as the deputy director, responsible person and chief reporter of Shenzhen Commercial Daily in 2013. He was appointed as the brand consultant of Luzhou Laojiao in China from 2010 to 2013. From 2013 to 2015, Mr. Liu was appointed as the chairman of Shenzhen Huibang Investment Co. Ltd. Since 2016, Mr. Liu was appointed as the chairman of Shenzhen Damei Investment Co. Ltd. and the general manager of Zhengzhou Lingcheng Real Estate Co. Ltd. In 2016, Mr Liu was appointed as the investment consultant by the People's Government of Gongyi, Henan.

SENIOR MANAGEMENT

Mr. Tay Yong Meng, aged 56, joined our Group in June 1990 and is a director of Sing Moh. Mr. Tay Yong Meng is responsible for leading the operational departments and providing guidance and management experience in project management, including approving contracts and liaising with customers and suppliers. In addition, he is responsible for quality assurance, environmental health and workplace safety. He also oversees our Group's human resources and manpower management.

Mr. Tay Yong Meng has close to three decades of experience in the engineering industry. Prior to joining our Group, Mr. Tay Yong Meng worked as an assistant engineer at Maxtor Singapore Limited between 1989 and 1992.

Mr. Tay Yong Meng obtained a Certificate of Performance in Quantity Surveying (Contract Administration) awarded by Ngee Ann Polytechnic in November 1997 and a certificate in Mechanical and Electrical Coordination awarded by the Construction Authority in November 1999. He also completed the course in Cable Installation for MATV System compatible for Cable-TV Operation conducted by Institute of Technical Education in November 1996. Mr. Tay Yong Meng attained a certificate for completion of the Safety Management Course awarded by the Ministry of Labour, Singapore in January 1996 and completed four modules of National Technical Certificate Grade Three Electrical Installation & Servicing course conducted by the Institute of Technical Education by January 1997. He is certified for completing training in Small Electrical Installation Inspection and Testing awarded by the Singapore Power Training Institute in March 1998. Mr. Tay Yong Meng attained a Building Construction Safety Supervisors course certificate awarded by the Singapore Contractors Association Ltd in September 1999. He was admitted as an associate of the Singapore Institute of Engineering Technologists in February 1996 and is a qualified licensed electrician issued by the Energy Market Authority since December 2015. He was trained by Singapore Telecommunication Academy in 1999 and passed the Singtel's cable locating course and further trained by Starhub on their T.C. D.W course in April 2000. Mr. Tay Yong Meng has been a qualified installer for Info-Communications Development Authority of Singapore since 19 August 2002.

Mr. Tay Yong Meng obtained a Diploma in Mechanical Engineering from Ngee Ann Polytechnic Singapore in August 1986 and a Certificate in Industrial Management from Ngee Ann Polytechnic Singapore in August 1993.

Mr. Tay Yong Meng is the brother of Mr. Tay Yong Hua (an executive Chairman and an executive Director) and the uncle of Mr. Kenneth Teo Swee Cheng (Director of Sing Moh).

During the reporting period, Mr. Tay Yong Meng served as an executive Director of the Company and he resigned on 4 January 2020.

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) ("Mr Kenneth Teo"), aged 47, joined our Group in May 2000 and became a director of Sing Moh in April 2008. Mr. Kenneth Teo currently oversees all aspects of the operations of our Group including strategic planning, procurement, tender, sales and marketing and business development. He is responsible for the project management for all mechanical and electrical engineering projects of our Group. During his tenure with the Group, Mr. Kenneth Teo had secured one of the first pre-fabricated, pre-finished volumetric construction (PPVC) projects in Singapore, an initiative of the Singapore government to increase productivity and reduces demand for manpower.

Mr. Kenneth Teo was instrumental in leading the Group to be awarded ISO 9001 certification in December 2000 as well as leading the Group's upgrade of its BCA ME05 grading to L6 level in 2010. Under Mr. Kenneth Teo's leadership, the Group achieved the bizSAFE STAR status in November 2010. He was also responsible for guiding the Group to be awarded the OHSAS 180001 certification in December 2011. Prior to joining the Group, Mr. Kenneth Teo worked at Sembcorp Construction Pte Ltd as an engineer between June 1997 and April 2000.

Mr. Kenneth Teo obtained a Bachelor's Degree (Honours) of Engineering from the Nanyang Technological University in July 1997 and obtained a Graduate Diploma in Business Administration from Singapore Institute of Management in October 2000.

Mr. Kenneth Teo is the nephew of Mr. Tay Yong Hua (executive Chairman and an executive Director) and nephew of Mr. Tay Yong Meng (Director of Sing Moh).

During the reporting period, Mr. Kenneth Teo served as executive Director of the Company and he resigned on 13 December 2019.

Ms. Chan Huishan ("Ms. Chan"), aged 33, joined the Group in January 2017 as chief financial officer. She is responsible for financial planning, accounting operations & reporting, taxation and internal control systems of our Group. Ms. Chan has extensive experience in accounting and auditing. Prior to joining our Group, Ms. Chan worked at Deloitte & Touche LLP in the audit department between December 2010 and December 2016 where she led various audit teams in providing audit and assurance services. The last position that Ms. Chan held in Deloitte & Touche LLP was audit manager. Prior to that, she worked at Crowe Horwath LLP, Singapore as a staff accountant and later as an audit senior between July 2008 and November 2010 where she carried out audit for both private and public companies (including companies listed in Singapore).

Ms. Chan obtained a Bachelor's Degree in accounting and finance from the Singapore Institute of Management in August 2008, an external programme of the University of London, United Kingdom.

Mr. Tan Boon Pin (Chen Wenbin) ("Mr. Tan"), aged 39, joined the Group in February 2006 as a project electrical engineer and was promoted to project manager of our Group in January 2013. He was further promoted to General Manager in July 2017 and is currently responsible for project management of our Group's projects and oversees quality assurance as well as assists in the overall management of our Group's electrical engineering services. Mr. Tan has over 12 years of experience in electrical engineering. Mr. Tan obtained a Bachelor's Degree in electrical engineering (Second Class Honors) from the RMIT University, Australia in December 2005.

COMPANY SECRETARY

Mr. Lee Kwok Lun ("Mr. Lee"), aged 36, was appointed as our company secretary and the authorised representative on 23 December 2019.

Mr. Lee is a practising member of Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants, associate member of the Hong Kong Institute of Chartered Secretaries and of The Chartered Governance Institute.

Mr. Lee is the company secretary of Summi (Group) Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0756), independent non-executive Director of Wing Chi Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6080), Dragon Rise Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6829) and Hang Chi Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3616).

Report of the Directors

The Board have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

RESULTS AND BUSINESS REVIEW

The results of the Group for the Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 72 in this report. The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on pages 5 to 13 in this report. This discussion forms part of the report of the Directors.

ENVIRONMENT POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" on pages 45 to 66 in this report. This discussion forms part of the report of the Directors.

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. During the Year, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating. In particular, we did not record any non-compliance with applicable environmental regulations.

RELATIONSHIP WITH KEY PARTIES

The Group's success depends on, amongst other matters, the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

We have provided a variety of M&E services for main contractors for building development projects in the past 30 years, including M&E services for private residential, mixed residential and commercial developments, institutional and industrial buildings. Recognition from our sound track records and project portfolio in the market, the Group has secured new projects from public and private sectors from time to time. Our reputation and high standard of quality work enable the Group and the customers to achieve their profitability and sustainable growth.

During the Year, revenue derived from the Group's top five customers accounted for approximately 86.0% (2018: 76.0%) of the total revenue.

Suppliers and subcontractors

We maintain an approved suppliers list for suppliers who have passed our assessment criteria and any supplier who receives a scoring less than the minimum score will be removed from the approved suppliers list upon assessment based on various performance indicators. We have good relationship with several of our five largest suppliers and we have received good support from them in terms of pricing and delivery of their supplies.

We engage subcontractors mainly for the design and/or installation of air-conditioning and mechanical ventilation systems, and fire protection systems and to provide on-site support to meet project timing when we do not have adequate internal resources to fulfill the project's requirements. We have established good relationships with our subcontractors.

Employees

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

We also place great importance in establishing a safe and healthy work environment for our employees. We have established a set of occupational health and safety procedures, quality plan and procedures. In particular, the Group has secured two projects where we performed off-site on prefabrication and prefinished volumetric construction ("PPVC") modules, helping to reduce the time of working onsite and working-at-height of employees, further improving the safety of employees.

Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

SHARE CAPITAL

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

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 74 and note 37 to the consolidated financial statements.

As at 31 December 2019, reserve available for distribution to the owners of the Company amounted to approximately S$22,311,000 (2018: S$22,838,000).

DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Year (2018: Nil).

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

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to S$30,036 (2018: S$33,905).

PRE-EMPTIVE RIGHTS

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

EQUITY-LINKED AGREEMENTS

On 31 December 2019, the Company entered into a Sale and Purchase Agreement (the "SPA") with Mr. Zheng Mingqiang and MKD Group Holdings Limited pursuant to which the Company acquired 49% of the issued share capital of D.D. Resident Co., Ltd., a limited liability company incorporated in Thailand, at the consideration of HK$58,000,000.

There are precedent conditions set forth in the SPA to be fulfilled or waived, which are substantive in nature and had not been fulfilled or waived as at 31 December 2019, and as such, the acquisition has not complete as at year end. Those conditions were subsequently fulfilled or waived, and the completion thereof took place on 16 January 2020.

On 21 January 2020, the Company has allotted and issued 75,600,000 consideration shares at the Issue Price of HK$0.60 per consideration share in satisfying part of the consideration amounting to HK$45,360,000. After the completion, the consideration shares represent approximately 8.26% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the consideration shares.

The Group plans to expand its business to Thailand by acquiring D.D. Resident Co. Ltd. and a hotel under its operation in the country, with a view to offset the risks arising from regional operation under the sluggish market conditions in Singapore in recent years. The Directors consider that the acquisition will ensure the foundation of the Group's investment business in Thailand and broaden its asset diversity, thereby supporting the future profitability of the Group. The Directors believe that through the Group's upcoming staff training and business process iteration in D.D. Resident Co. Ltd., the performance of D.D. Resident Co. Ltd. will embrace continuous growth, which in turn will make sustained contribution to the profits of the Group.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 30 to 44 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 19 June 2020 (Friday) and the notice convening such meeting will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 June 2020 (Tuesday) to 18 June 2020 (Thursday) (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 15 June 2020 (Monday).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the Year and up to the date of this report are:

Executive Directors:

Mr. Tay Yong Hua *(Executive Chairman)*	
Mr. Tay Yong Meng	*(Resigned on 4 January 2020)*
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) *(Chief Executive Officer)*	*(Resigned on 13 December 2019)*
Mr. Liang Qianyuan *(Chief Executive Officer)*	*(Appointed on 25 September 2019 and re-designated on 13 December 2019)*

Independent Non-executive Directors:

Ms. Theng Siew Lian Lisa	*(Resigned on 4 January 2020)*
Mr. Law Wang Chak Waltery	*(Resigned on 11 June 2019)*
Mr. Tan Sin Huat Dennis	*(Resigned on 16 December 2019)*
Mr. Cheung Garnok	*(Appointed on 11 June 2019)*
Dr. Guan Huan Fei	*(Appointed on 23 August 2019)*
Mr. Jacobsen William Keith	*(Appointed on 25 September 2019)*
Mr. Liu Hongen	*(Appointed on 4 January 2020)*

Mr. Tay Yong Hua, being the executive Director has entered into a service contract with the Company for a term of three years commencing on 11 December 2017, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the service contract or a prior notice in writing of no less than three months served by either party to the other. Mr. Liang Qianyuan has entered into a service contract with the Company for a term of three years commencing on 13 December 2019, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the service contract or a prior notice in writing of no less than three months served by either party to the other.

Each of our four independent non-executive Directors, namely Mr. Cheung Garnok, Dr. Guan Huan Fei, Mr. Jacobsen William Keith and Mr. Liu Hongen has entered into a letter of appointment with the Company for a term of one year commencing on 11 June 2019, 23 August 2019, 25 September 2019 and 4 January 2020 respectively, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

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

In accordance with the Article 83(3) of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the Article 84(1) of Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation.

Mr. Liang Qianyuan, Mr. Cheung Garnok, Dr. Guan Huan Fei, Mr. Jacobsen William Keith and Mr. Liu Hongen shall retire from office at the forthcoming annual general meeting to be held on 19 June 2020 (the "AGM"), being eligible, offer themselves for re-election, at the AGM.

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

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

NON-COMPETITION UNDERTAKING

The controlling shareholders have entered into the deed of non-competition dated 20 November 2017 in favour of our Group, pursuant to which each of them had irrevocably undertaken with the Company on joint and several basis (for itself and for the benefit of each of our subsidiaries) that he/it would not, and would procure that any of his/its associates (except any members of the Group) would not, during the period from 11 December 2018, the listing date, to the date when the controlling shareholders or their associates cease to hold equity interest in our Company and they are not considered as substantial shareholders of the Company, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time.

The Company has received the confirmation from the controlling shareholders in respect of their compliance with the terms of non-competition undertaking for the Year.

The independent non-executive Directors had reviewed and confirmed that the controlling shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms for the Year.

Saved as disclosed above, during the Year, none of the directors, the substantial shareholders or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 138. This summary does not form part of the consolidated financial statements.

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. Inability to achieve continuity of our order book, given the non-recurring nature of our projects, could materially affect our financial performance

   Our contracts are on a non-recurring and project basis. As our projects are not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. Although we are invited by our customers to tender for their projects, our Group nonetheless has to go through a competitive tendering process to secure new projects. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

   In addition, so far as our executive Directors are aware, most of our customers will evaluate their contractors based on their past performance, financial capability, pricing and certifications. If a contractor receives a poor safety performance review or has regulatory non-compliance incidents, it may lead to a poor evaluation and therefore affect future tender success rate. There is no assurance that we will be evaluated favourably by our customers or that we will be invited to tender. If we fail to secure new projects of similar or higher value or similar number of projects on a continual basis, our financial performance will be adversely affected.

   The Group will continue to leverage on its various registrations and licenses and extensive experience to solidify and expand its market share in the M&E industry in Singapore.

2. We may experience delays or defaults in collecting our trade receivables, and failure to receive payment on time and in full, or delay in the release of retention monies or if retention monies are not fully released to us after expiry of the defect liability period, may affect our liquidity position

   The Group normally make monthly progress claims to our customers in respect of the value of the work we have performed, thereafter, subject to our customer's approval of our progress claims, we will proceed to issue the invoices with a credit term in accordance with the provision of the contract. A portion of the contract value, normally 5% is withheld by our customers as retention monies, of which half will be released upon substantial completion and the remaining will be released upon final completion (which is after the defect liability period, usually 12 months from date of substantial completion). If a customer delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected.

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

3. Majority of our workforce is made up of foreign labour and inability to recruit and/or retain foreign labour could materially affect our operations and financial performance

   Our business is highly dependent on foreign workers as the local construction labour force is of limited supply and more costly. Majority of our workforce made up of foreign employees (including site workers and other employees). Any shortage in the supply of foreign workers, increase in foreign worker levy for foreign workers, or restriction on the number of foreign workers that we can employ will adversely affect our operations and financial performance.

   Our human resources department assesses our available human resources on a regular basis, and together with our executive Directors, determines whether additional employees are required to cope with our business operations and expansion. We will also assess the sufficiency of our foreign workforce and ensure that we have an adequate workforce to meet our projects' needs.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors of the Company and Senior Management" on pages 14 to 18 in this report.

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

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

Details of the Directors' emoluments are set out in note 12 to the consolidated financial statements.

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 provision was in force during the Year. In addition, the Company has also maintained Directors' and officers' liability insurance during the Year, which provides appropriate cover for the directors and officers of the Group.

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

As at 31 December 2019, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong (the "SFO"))) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules, were as follows:

(I) Long Position in the Ordinary Shares and Underlying Shares of the Company

(i) Interests in the Company

Interests in ordinary shares

Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Tay Yong Hua Note 1	–	–	519,792,000	519,792,000	–	519,792,000	61.88%
Mr. Tay Yong Meng Note 2, 4	–	–	519,792,000	519,792,000	–	519,792,000	61.88%
Mr. Kenneth Teo Swee Cheng Note 3, 4	–	–	519,792,000	519,792,000	–	519,792,000	61.88%

Notes:

1. Mr. Tay Yong Hua holds 90% shares in HMK Investment Holdings Limited ("HMK") and he is therefore deemed to be interested in the 519,792,000 Shares held by HMK under the SFO.

2. Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 519,792,000 Shares held by HMK under the SFO.

3. Mr. Kenneth Teo holds 4% shares in HMK and he is therefore deemed to be interested in the 519,792,000 Shares held by HMK under the SFO.

4. Mr. Tay Yong Meng and Mr. Kenneth Teo ceased to be the Directors of the Company on 4 January 2020 and 13 December 2019 respectively.

(ii) Interests in the associated corporation

Name of directors	Name of associated corporation	Capacity/ Nature	No. of shares held	% of the issued voting shares of associate corporation
Mr. Tay Yong Hua	HMK	Beneficial owner	90	90%
Mr. Tay Yong Meng	HMK	Beneficial owner	6	6%
Mr. Kenneth Teo Swee Cheng	HMK	Beneficial owner	4	4%

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

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

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

Long position in the ordinary shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the Company's issued voting shares
HMK [Note 1]	Beneficial owner	519,792,000	61.88%
Ms. Lim Sim Swee ("Mrs. Tay") [Note 2]	Deem interest by virtue of interest held by spouse	519,792,000	61.88%
Glory Sun Credit Limited ("GSCL") [Notes 1 and 3]	Person having a security interest in shares	519,792,000	61.88%
Stellar Result Limited ("SRL") [Notes 1 and 3]	Interest in a controlled corporation	519,792,000	61.88%
Glory Sun Financial Holdings Limited ("GSFHL") [Notes 1 and 3]	Interest in a controlled corporation	519,792,000	61.88%
Great Sphere Developments Limited ("GSDL") [Notes 1 and 3]	Interest in a controlled corporation	519,792,000	61.88%
Glory Sun Financial Group Limited ("GSFGL") [Notes 1 and 3]	Interest in a controlled corporation	519,792,000	61.88%
Tinmark Development Limited ("TDL") [Notes 1 and 3]	Interest in a controlled corporation	519,792,000	61.88%
Yao Jianhui ("Mr. Yao") [Notes 1 and 3]	Interest in a controlled corporation	519,792,000	61.88%

Notes:

1. The 519,792,000 shares are beneficially held by HMK which is owned as to 90% by Mr. Tay Yong Hua, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), and they are deemed to be interested in 519,792,000 Shares held by HMK by virtue of the SFO.

2. Mrs. Tay, the spouse of Mr. Tay Yong Hua, is deemed to be interested in the interests held by Mr. Tay Yong Hua under the SFO.

3. According to the corporate substantial shareholder notices filed on 19 June 2019 by each of GSCL, SRL, GSFHL, GSDL, GSFGL and TDL and the individual substantial shareholder notice filed on 19 June 2019 by Mr. Yao, GSCL is interested in 519,792,000 Shares by way of a security interest in those Shares. GSCL is wholly owned by SRL, which is in turn wholly owned by GSFHL, which is in turn wholly owned by GSDL, which is in turn wholly owned by GSFGL, which is in turn wholly owned by TDL, which is in turn wholly owned by Mr. Yao. Accordingly, GSCL, SRL, GSFHL, GSDL, GSFGL, TDL and Mr. Yao are deemed to be interested in all Shares held by GSCL.

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

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by written resolutions passed by its sole Shareholder on 14 November 2017 and became unconditional on 11 December 2017. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (including executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions with a payment of HK$1.00 upon each grant of options offered.

The exercise price of the share option will be not less than the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for period of ten years from 14 November 2017 to 13 November 2027, after which no further options will granted or offered.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of Company in issue from time to time. Unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person's maximum entitlement exceeding 1% of the number of issued shares of Company.

As at 31 December 2019 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "Share Option Scheme" in section headed "Statutory and General Information" in Appendix V to the Prospectus.

Apart from the aforesaid Share Option Schemes, at no time during the year ended 31 December 2019 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 86.0% (2018: 76.0%) of the total revenue. The top five suppliers accounted for approximately 27.0% (2018: 16.8%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 27.9% (2018: 17.5%) of the total revenue and the Group's largest supplier accounted for approximately 11.0% (2018: 6.5%) of the total purchases for the year.

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 share capital) had any interest in these major customers and suppliers.

RELATED PARTIES TRANSACTIONS

During the Year, details of the significant related party transactions undertaken in the normal course of business are set out in the note 11 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

CONNECTED TRANSACTIONS

During the Year, the Company has no connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the Year.

AUDITORS

The consolidated financial statements for the Year have been audited by Deloitte & Touche LLP, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By order of the Board
Solis Holdings Limited

Tay Yong Hua
Executive Chairman and Executive Director

Singapore, 23 March 2020

Corporate Governance Report

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Group is committed to maintaining high corporate governance standards to safeguard the interest of shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix 14 of the Listing Rules.

During the Year, the Board considers that the Company has fully complied with all the applicable principles and code provisions as set out in the CG Code. Details of compliance of Code provisions are explained in this corporate governance report.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors (the "Model Code") on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Year after making reasonable enquiry.

THE BOARD OF DIRECTORS

Responsibilities

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Company. The delegated functions and work tasks are reviewed by the Board periodically.

Composition

As at 31 December 2019 and as of the date of this annual report, the Board comprises 6 Directors, comprising 2 executive Directors and 4 independent non-executive Directors of the Company. The composition of the Board is as follows:

Executive Directors:

Mr. Tay Yong Hua *(Executive Chairman)*	
Mr. Liang Qianyuan *(Chief Executive Officer)*	*(Appointed on 25 September 2019 and re-designated on 13 December 2019)*

Independent Non-executive Directors:

Mr. Cheung Garnok	*(Appointed on 11 June 2019)*
Dr. Guan Huan Fei	*(Appointed on 23 August 2019)*
Mr. Jacobsen William Keith	*(Appointed on 25 September 2019)*
Mr. Liu Hongen	*(Appointed on 4 January 2020)*

The relationship among members of the Board and biographical details and responsibilities of the Directors as well as the senior management are set out in the section "Biographical Details of the Directors of the Company and Senior Management" on pages 14 to 18.

Save as disclosed in the section headed "Biographical Details of the Directors of the Company and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of Chairman and chief executive should be separate and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Tay Yong Hua is the executive Chairman of the Board. The Chairman provides an effective leadership and ensure the continuing effectiveness of the management team of the Company. Mr. Liang Qianyuan is the Chief Executive Officer of the Company. He focuses on daily operations of the Group. Their respective responsibilities are clearly defined in writing.

Independent Non-executive Directors

The Company has throughout the Year met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board pursuant to Rule 3.10A of the Listing Rules. Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence.

Confirmation of Independence

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

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the service contract or a prior notice in writing of no less than three months served by either party to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year, which is in force continuously until otherwise terminated pursuant to the terms and conditions as stated in the letter of appointment or a prior notice in writing of no less than three months served by either party to the other.

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

In accordance with the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their 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.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Company.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Board reserves its decisions for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The Board has delegated the responsibility of implementing the strategies and the daily operations to the management of the Group under the leadership of executive Directors. The Chief Financial Officer and/or the company secretary attend all regular Board meetings and Board committee meetings to advise on accounting and financial, corporate governance and statutory compliance matters. Senior management has formal or informal contact with the Board members as and when necessary.

Board/Board Committee/and General Meetings

According to code provision A.1.1 of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

According to code provision A.5.2 of the CG Code, nomination committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy.

According to code provision C3.3 (e)(i) of the CG Code, audit committee must meet, at least twice a year, with the auditors of the Company.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals in compliance with A.1.1 of the CG Code, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary and all Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

During the Year, the Company held 5 Board meetings, 3 audit committee meetings, 3 nomination committee meetings and 3 remuneration committee meetings. In addition, the executive Chairman met with all independent non-executive directors without the presence of the executive directors.

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meeting, board committee meetings and general meeting held during the Year:

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Total number of meetings held	5	3	3	3	1
			Number of meetings attended		
Executive Directors					
Mr. Tay Yong Hua	5	2[(a)]	3	3[(a)]	1
Mr. Tay Yong Meng	5	3[(a)]	3[(a)]	3	1
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	4	3[(a)]	3[(a)]	3[(a)]	1
Mr. Liang Qianyuan	2	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Ms. Theng Siew Lian Lisa	4	3	3	3[(a)]	1
Mr. Law Wang Chak Waltery	2	1	2	2	1
Mr. Tan Sin Huat Dennis	4	3	3[(a)]	3	1
Mr. Cheung Garnok	3	2	1	1	N/A
Dr. Guan Huan Fei	2	N/A	N/A	N/A	N/A
Mr. Jacobsen William Keith	2	N/A	N/A	N/A	N/A
Mr. Liu Hongen	N/A	N/A	N/A	N/A	N/A

Note:

(a) attended as an invitee

Induction and Continuous Professional Trainings of Directors

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors have also been informed of the requirement under A.6.5 of the CG Code regarding continuous professional development and they may join institutes and attend relevant training seminars or informative talk from time to time to enable them to better discharge their duties. The Company encourages the directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and any industry-related matters, to develop themselves professionally, at the Company's expense.

For the Year, regulatory updates have been provided and sent to all the Directors include:

– briefing by the external auditor on changes or amendments to accounting standards at the AC meetings; and

– update by the Company Secretary on proposed amendments to the Listing Rules, directors' duties, risk management and directors' responsibilities from time to time.

The Company shall from time to time, if necessary, arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as a Director of the Company.

BOARD COMMITTEES

The Board has established four board committees, namely audit committee, remuneration committee, nomination committee and corporate governance committee for overseeing specific aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. Certain terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website in compliance with the CG Code.

Audit Committee

The Company established an Audit Committee on 14 November 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The Company has updated the written terms of reference of audit committee on 16 November 2018 in compliance with the new CG Code with effect from 1 January 2019. The revised terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

The Audit Committee currently comprises three members as follows:

Mr. Cheung Garnok *(Chairman)*
Mr. Jacobsen William Keith
Dr. Guan Huan Fei

All of the members of the audit committee are independent non-executive Directors. None of them is a former partner of the Company's existing auditing firm within 2 years immediately prior to their respective date of appointment. All of them do not have material interest in any principal business activity of nor is or was involved in any material business dealings with the Group or with any core connected persons (as defined in the Listing Rules) of the Group within one year immediately prior to their respective date of appointment.

Mr. Cheung Garnok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the audit committee.

During the Year, the audit committee held 3 meetings. Details of the attendance of the members of the audit committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the audit committee meeting during the Year is as follows:

– To meet with the external auditors, review and make recommendation to the Board for approving the annual financial statement of the Group;

– To review and approve audit fee;

– To review the terms of engagement and make recommendation to the Board for the re-appointment of auditors of the Company, subject to the Shareholders' approval at the annual general meeting;

– To review the non-competition undertaking by the Controlling Shareholders of the Company;

– To review the effectiveness of the Company's risk management and internal control systems; and

– To review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The audit committee has not taken a different view from the Board regarding the selection and re-appointment of external auditors.

Remuneration Committee

The Company established the remuneration committee on 14 November 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The written terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The Remuneration Committee currently comprises three members as follows:

Mr. Jacobsen William Keith *(Chairman)*
Mr. Tay Yong Hua
Mr. Cheung Garnok

The remuneration committee is chaired by an independent non-executive Director and majority members of the remuneration committee are also independent non-executive Directors. During the Year, the remuneration committee held 3 meetings to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the remuneration committee meeting held during the Year is as follows:

– To review and recommend to the Board on the Group's remuneration policy and strategy;

– To review and recommend to the Board on the remuneration packages of the executive Directors and senior management of the Company; and

– To review and recommend to the Board on the Directors' fees of independent non-executive Directors.

Details of the emoluments paid to the Directors and highest paid individuals for the Year are set out in Note 12 to the consolidated financial statements.

Nomination Committee

The Company established the nomination committee on 14 November 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The Nomination Committee currently comprises three members as follows:

Dr. Guan Huan Fei *(Chairman)*
Mr. Cheung Garnok
Mr. Liu Hongen

The nomination committee is chaired by an independent non-executive Director and majority members of the nomination committee are also independent non-executive Directors. During the Year, the nomination committee held 3 meetings to review composition of the Board, review the nomination policy, assess the independence of independent non-executive Directors and recommend the Board on the re-election of directors.

Details of the attendance of the members of the nomination committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the nomination committee meeting held during the Year is as follows:

– To review the existing Board's structure, size and composition;

– To review the board diversity policy;

– To review the nomination policy;

– To review and assess the independence of the independent non-executive Directors; and

– To make recommendations on the retiring Directors at the 2020 AGM of the Company.

Board Nomination Policy

The Company adopted a nomination policy on 16 November 2018 in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the nomination committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the nomination committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy and recognises the benefits of having diversity in the composition of the Board.

The Company noted that that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, nomination committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against the above selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Composition of the Diversified Board

As at the date of this annual report, the Board comprises six Directors. The following diagram and/or table further illustrate the composition and diversity of the Board as of the date of this annual report:

	Age Group			Nationality		
Name of Director	**40 to 49**	**50 to 59**	**Over 60**	**Singaporean**	**Chinese**	**Hong Kong Special Administrative Region**
Mr. Tay Yong Hua			✓	✓		
Mr. Liang Qianyuan			✓		✓	
Mr. Cheung Garnok	✓					✓
Dr. Guan Huan Fei			✓		✓	
Mr. Jacobsen William Keith		✓				✓
Mr. Liu Hongen		✓			✓	

	Educational background			Professional experience		
Name of Director	**Accountancy**	**Law**	**Other**	**Construction**	**Accounting, audit and corporate finance consultancy**	**Public relation, media and brand building**
Mr. Tay Yong Hua			✓	✓		
Mr. Liang Qianyuan			✓		✓	
Mr. Cheung Garnok	✓				✓	
Dr. Guan Huan Fei			✓		✓	
Mr. Jacobsen William Keith		✓			✓	
Mr. Liu Hongen			✓			✓

The nomination committee considers the existing size and composition of the Board are adequate and diversified for effective decision-making, taking into account the nature and scope of the Group's operations. The nomination committee has also monitored the implementation of the board diversity policy since its adoption, and also reviewed it to ensure its effectiveness and concluded that no revision to the policy is required at the last nomination committee meeting held.

Corporate Governance Committee

The Company established the corporate governance committee on 14 November 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the corporate governance committee are available on the websites of the Company and the Stock Exchange.

The primary functions of the corporate governance committee are to keep the effectiveness of the corporate governance and system of internal controls of our Group. The corporate governance committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in our Group.

The composition of the corporate governance committee during the Year is as follows:

Mr. Liang Qianyuan *(Chairman)*
Mr. Jacobsen William Keith
Dr. Guan Huan Fei

The corporate governance committee is chaired by an independent non-executive Director and majority members of the corporate governance committee are also independent non-executive Directors. Since its establishment on 14 November 2017, the Company did not hold corporate governance committee meeting. However, during the Year, the board meeting was held to review and monitor the training and continuous professional development of Directors and senior management, review the Company's policies and practices on corporate governance issues and review the Company's compliance with CG Code and disclosure in the corporate governance report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of financial reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Board acknowledges its responsibility for the preparation of the consolidated financial statements for the year ended 31 December 2019 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

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

The statement of the auditors about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 67 and 71 of the Consolidated Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually, while the management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such 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. Procedures are in place to identify major business risks and evaluate potential financial implications.

The internal control system is reviewed on an ongoing basis by the Board and the Audit Committee through engaging independent consultant.

During the Year, the Audit Committee of the Company, through the engagement of Baker Tilly Consultancy (Singapore) Ptd Ltd. ("Baker Tilly"), reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group established by the Group for the period from 1 January 2019 to 31 December 2019, including the following:–

– Human resources and payroll

– Cash management

– Financial and management reporting

– IT general controls

Baker Tilly reported to the Audit Committee that they have identified and evaluated the above risk management and internal control systems of the Group and concluded that no significant deficiencies were identified. In addition, management of the Group was generally in agreement with the issues identified and has undertaken to take proactive actions to remediate the issues and continue to monitor internal controls system within the Group to ensure all control systems can function effectively.

Based on the review for the period from 1 January 2019 to 31 December 2019 on the risk management and internal control systems of the Group provided by Baker Tilly, the Audit Committee reported such findings to the Board. In addition, the Board had received confirmation from the management for the Year that:

– The financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

– The risk management and internal control systems of the Group are effective.

Based on the above, the Board, with the concurrence of the Audit Committee, considered that such systems including financial, operational and compliance were effective and adequate for the Year. The Company will perform the ongoing assessment to update the all material risk factors on a regular basis and conduct review on its risk management and internal control system annually.

Internal Audit

The Audit Committee relies on reports from the management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the Audit Committee oversees and monitors the implementations thereto.

During the Year, the Group has outsourced its internal audit function and engage an independent internal control consultant to assess our overall internal control systems and give recommendations to make enhancement. The internal audit has an administrative reporting function to management where planning, coordinating, managing and implementing internal audit work cycle are concerned, and will report their findings and recommendations directly to the Audit Committee. The internal audit can access to all the Group's documents, records and properties for performing its duties.

It was reported that that there were no material deficiencies in relation to the Group's internal controls. The Board is of the view that the internal control measures of the Group are adequately and effectively monitor our business operations for the Year.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and SFO.

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors, officers and senior management of the Group. The Board emphasizes that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

External Auditors' Remuneration

During the Year, the Company engaged Deloitte & Touche LLP as the external auditors. Their fees in respect of audit services and non-audit services provided for the year ended 31 December 2019 amounted to S$158,000 (2018: S$150,000) and S$8,000 (2018: S$8,000) respectively.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditors for annual audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the Year.

COMPANY SECRETARY

The Company appointed Mr. Lee Kwok Lun ("Mr. Lee"), an external service provider, as its company secretary. Ms. Chan Huishan, chief financial officer, is the primary contact person to Mr. Lee at the Company in respect of any compliance and company secretarial matters of the Company.

The biographical details of Mr. Lee are set out under the section headed "Biographical Details of the Directors of the Company and Senior Management" of this annual report. During the Year, Mr. Lee, has undertaken over 15 hours' professional training to update his skill and knowledge in compliance with Rule 3.29 of the Listing Rules.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Year, there has been no changes in the constitutional documents of the Company.

The restated Memorandum and Articles of Association of the Company are available for viewing on the websites of the Company and the Stock Exchange.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

The controlling shareholder (as defined in the Listing Rules) of the Company had given non-competition undertaking in favour of the Company and confirm that they and their close associates have not breached the terms of the undertaking contained in the Deed of Non-competition during the Year. Details of the deed of non-competition are set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

The Board comprising all the independent non-executive Directors, based on the written confirmation provided by the controlling shareholder, is of the view that the controlling shareholder has been in compliance with the non-competition undertaking in favour of the Company for the Year.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 58 of the articles of association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the articles of association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (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 notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) 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 (7) days prior to the date of such general meeting.

Accordingly, if a member of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at www.TheSolisGrp.com.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our headquarters in Singapore or principal place of business in Hong Kong or by email through the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.TheSolisGrp.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on 19 June 2020. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

POLICY ON PAYMENT OF DIVIDENDS

The Company adopted a policy on payment of dividends (the "Dividend Policy") on 16 November 2018 in compliance with E.1.5 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

Singapore, 23 March 2020

Environmental, Social and Governance Report

ABOUT THIS REPORT

This is the Environmental, Social and Governance ("ESG") report of Solis Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). The ESG report aims to provide the stakeholders with a summary of the Group's environmental and social related impacts arising from its business operations as well as the initiatives implemented to achieve a balance between profitability and sustainability.

REPORTING FRAMEWORK AND BOUNDARY

The ESG report has been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("HKEX"). The boundary of this report encompasses our business in the design, build and installation of mechanical and electrical systems for general building construction in Singapore. The reporting period is the fiscal year ending 31 December 2019.

APPROACH TO ESG STRATEGY AND REPORTING

Our management maintains a high level of commitment to ESG strategy and reporting. We always consider the environmental, social and governance risks that are material to our business operations in strategy setting and decision-making processes. We also endeavour to achieve the annual ESG objectives that the management has set at the start of each fiscal year. We provide honest and reliable information in this ESG report that allows our stakeholders to keep track of our progress and achievement during the reporting period.

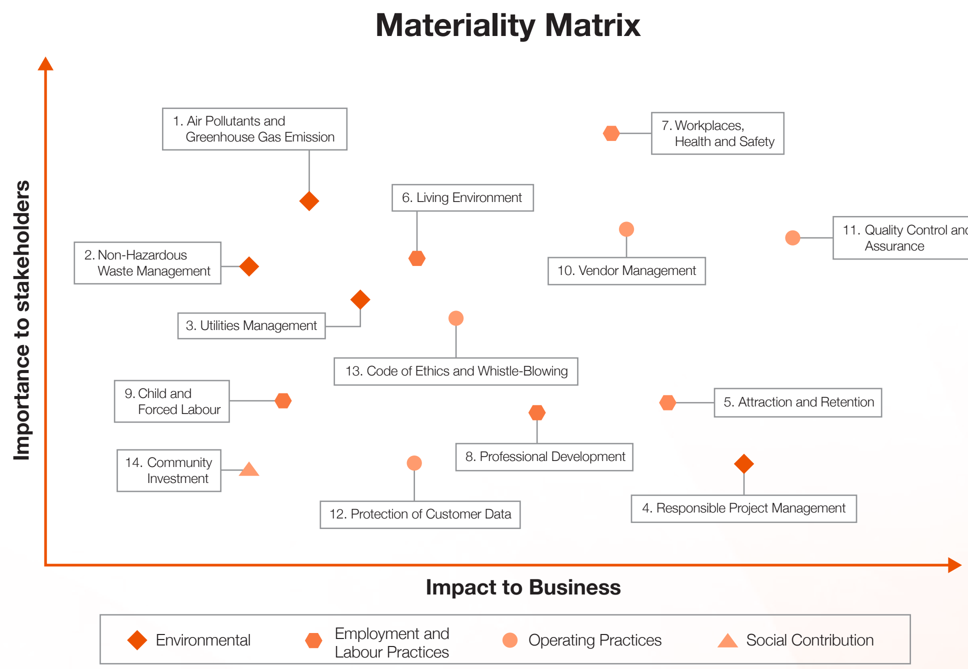
The Board of Directors acknowledges its responsibility for ensuring the integrity of this ESG report. The Board of Directors has reviewed and approved the report. To the best of its knowledge, this report adequately addresses the material issues and fairly presents the environmental and social performances of the Group.

STAKEHOLDER ENGAGEMENT

Stakeholder	Platforms	Frequency	Key Feedbacks/Issues
Employees	Performance appraisal Employee training and development Feedback to supervisor Site meeting and discussion	Annual Ad-hoc Ad-hoc Monthly	• Employee safety and health • Training and development opportunities • Remunerations and welfares • Fair and competitive employment practices
Customers	Quality management system Project progress monitoring Customer feedback channels	Perpetual Monthly Ad-hoc	• High quality and reliability of our services • Timely response to customer complaints • Data privacy and confidentiality
Suppliers	Supplier meetings	Ad-hoc	• Fair and robust procurement system • Prompt payment cycles
Investors	Annual/Extraordinary general meetings Financial result announcements HKEX announcements Annual report	Annual Bi-annual Ad-hoc Annual	• Return on investment • Business growth • Compliance to listing requirements • Timely and transparent reporting
Government/ regulatory authorities	Meetings, briefings and regular reporting Correspondences through emails and letters	Ad-hoc Ad-hoc	• Compliance with laws and regulations • Safe working environment • Environmentally sustainable business practices
The Community	Donations to the local communities ESG Reporting	Annual	• Contribution to the local community • Sustainable use of resources • Reduction of air and waste pollutions

MATERIALITY ASSESSMENT

During the year, meetings and vigorous discussions were carried out by the management to identify key environmental, social and governance issues faced by the Group. We also gathered feedbacks from different groups of our stakeholders regarding ESG related issues. These issues were then prioritised in order of their importance to stakeholders as well as its impact on the business. Based on the management discussions and stakeholder engagement exercise, 14 key areas that are significantly important to the Group have been selected.



ENVIRONMENTAL ASPECTS

The Group's business is mainly involved in the design, build and installation of electrical and mechanical systems for construction projects in Singapore. The nature of work performed by the Group generally results in minimal emissions of air pollutant and greenhouse gas, discharges to water and land, generations of hazardous and non-hazardous waste and etc. Nevertheless, we understand the importance of environmental protection and endeavour to adopt environmentally friendly practices in our business operations.

We have established guidelines over environmental protection in our "Quality, Health, Safety & Environment Management System" ("QHSEMS"). The Group is pleased to report that there were no instances of non-compliance with local environmental regulations in 2019.

Environmental objectives in 2019

1. Comply with national standards for emissions of air pollutant and greenhouse gas.
2. Monitor and control the consumption of utilities such as water and electricity.
3. Minimise wastages produced for each project.
4. Adopt eco-friendly construction technologies in our projects.

Emissions

Material Area 1: Air Pollutants and Greenhouse Gas Emissions

Air pollution and greenhouse gas emissions in Singapore are governed by the National Environment Agency ("NEA"). Laws and regulations to protect the air quality in Singapore are mainly the Environmental Protection and Management Act ("EPMA") and the Environmental Public Health Act ("EPHA").

The primary contributors of air pollutants emitted from our business operations are the use of (i) generators and (ii) motor vehicles. The emission of greenhouse gases is mainly from the consumption of electricity in our office buildings and dormitories.

Generators

Since 1 July 2012, all off-road diesel engines used in Singapore must comply with the EU Stage II, US Tier II or Japan Tier I off-road emission standards, which govern the permissible amount of specific air pollutants to be released from specific sources.

The Group uses generators as a makeshift source of electricity in the event of emergencies, such as a disrupted power grid supply in the project sites. As the electricity supply provided by power grids are reliable and stable, there is limited use of generators that results in minimal to no emissions during the year.

During the reporting period, there were no new generators purchased by the Group and a total of six generators were owned as at 31 December 2019. The total emissions of carbon monoxide ("CO"), particulate matter ("PM"), and nitrogen oxides ("NOx") during the year meet the requirements of the US Tier II off-road emission standards. Based on the US Tier II off-road emission standards and details obtained from our generators, the hourly emissions of our generators are as below:

	No. of		Emissions (g/h)	
Net Power (kW)	**generators**	**CO**	**NMHC +NOx**	**PM**
640	2	2,240	4,096	128
560	1	1,960	3,584	112
480	1	1,680	3,072	96
320	1	1,120	2,048	64
40	1	200	300	16

Motor Vehicles

All diesel and petrol vehicles are required to adhere to Euro VI emission standard set by the National Environment Agency to control the amount of pollutants emitted. Pollutants generated from the use of motor vehicles include NOx, PM and sulphur oxides ("SOx").

Currently, the Group owns 17 vehicles which are categorised based on their usage in the following table:

Fleet type	Quantity	Type of fuel	Usage
Operations	8	7 – Diesel 1 – Petrol	Daily transportation of materials and labour to and from site
Executive	9	All petrol	Private/executive usage

In 2019, the Group scrapped one diesel vehicle that was in disposable status. We seek to continuously upgrade the fleet to reduce emissions of air pollutants and we will only purchase vehicles that comply with the latest exhaust emission standards. Furthermore, we also ensure the fleet of vehicles are in satisfactory condition by subjecting them to regular maintenance and inspections. On average, the vehicles were sent for maintenance at least three times a year in 2019.

During the reporting period, the total amount of NOx and PM emitted from our diesel vehicles are shown in the following table:

Vehicle Type	No. of vehicles	NOx Emission Factor	PM Emission Factor	Total distance travelled (km)	NOx Emitted (g)	PM Emitted (g)
Light Goods (≤ 2.5 tonnes)	1	0.885	0.0848	24,180	21,399	2,051
Light Goods (2.5 – 3.5 tonnes)	4	1.1546	0.1075	108,643	125,451	11,679
Light Goods (3.5 – 5.5 tonnes)	1	2.4216	0.1123	33,673	81,543	3,782
Medium & Heavy Goods (5.5 – 15 tonnes)	2	3.1332	0.3106	102,294	320,508	31,773
Total				268,790	548,901	49,285

The total amount of SOx emitted from our vehicles are also as summarised in the following table:

Vehicle Type	No. of vehicles	SOx Emission Factor	Total fuel consumed (litres)	SOx Emitted (g)
Diesel	7	0.0161	22,706	366
Petrol	1	0.0147	1,715	25
Total			24,421	391

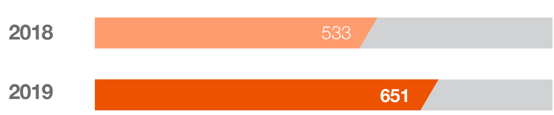
Greenhouse gas emission

Greenhouse gases such as Carbon Dioxide ("CO_2"), Nitrogen Oxide ("N_2O") and Methane ("CH_4") are generated during the combustion of fossil fuels to produce electricity. The Group always seek to control the electricity consumption in office buildings and dormitories. The total amount of our greenhouse gas emissions increased by 3,276kg to 49,467kg in 2019, as illustrated in the following graphs:

Carbon Dioxide Emission (Kg)

Methane Emission (Kg)

Nitrogen Oxide Emission (Kg)



The Group's greenhouse gases emission in 2019 was 7% higher compared to the previous year, mainly due to the operation of two new dormitories and the increase in total distance travelled by the motor vehicles. We remain committed to reduce the greenhouse gases emission from our operations and will continue to seek for more fuel-efficient motor vehicles when possible.

Material Area 2: Non-Hazardous Waste Management

The Group does not produce any hazardous waste during the course of business operations. As such, the laws and regulations in Singapore relating to hazardous waste do not have significant impact on our business.

As a sub-contractor providing electrical and mechanical works, the main non-hazardous waste generated from our business activities are unutilised electrical wires. These electrical wires are made out of recyclable materials – Polyvinyl Chloride ("PVC"). At the end of each project, all unutilised wires will be returned to the warehouse and sold to third party vendors where the wires would be stripped down to its raw components for resale or recycling purposes.

We understand that minimising waste is a key component of waste management and we place strong emphasis during the planning stage of each project to ensure that the budgeted purchase amounts are in line with project requirement. However, wastage is inevitable in project execution and additional materials would be purchased for unforeseen situations such as variation orders from the customers.

We have also implemented standard procedures to reduce waste resulting from project sites, i.e. the bentonite slurries, contaminated mud and waste oil are collected and reconditioned for use whenever practicable. When waste cannot be reused and recycled, they are deposed in accordance to Singapore's statutory requirements such as the Sewerage and Drainage Act 2015.

With all measures taken, we are committed to control the amount of waste produced to 5% for all project undertaken.

Use of Resources

Material Area 3: Utilities Management

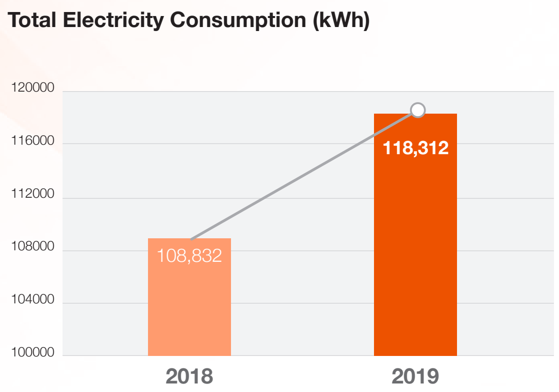
Water and electricity are scare resources in Singapore. The Group encourages employees to adopt electricity and water saving habits in both the office and dormitories to minimise resource wastage.

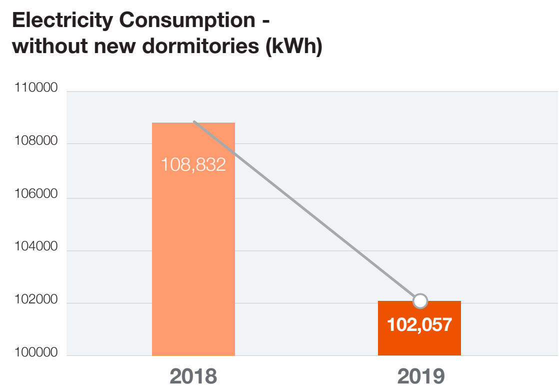
Electricity

The Group always strives to ensure that we consume electricity in an efficient manner. Due to the commencement and operation of two new dormitories during the reporting period, the total consumption of electricity in 2019 was 118,312 kWh, an 8.7% increase from the previous year.

But when we do a parallel comparison of electricity consumption with the previous year by taking out the new dormitories, the electricity usage decreased by 6.2% to 102,057 kWh. Our efforts to minimise resource wastage include strategies of having a decentralised air conditioning and lighting system as well as utilising energy efficient electrical appliances in our office building.

While a centralised control air conditioning and lighting systems provides more convenience, we believe that a decentralised system is more energy efficient. All of our air conditioning units are managed by their own remote controllers and the common area is split into zones with a specific air conditioning unit servicing each zone, allowing for more targeted energy usages.





We have also equipped our office with energy efficient electrical appliances that comply with the standards of National Environment Agency's Tick Rating System of, where 5 ticks represent the highest level of energy efficiency:

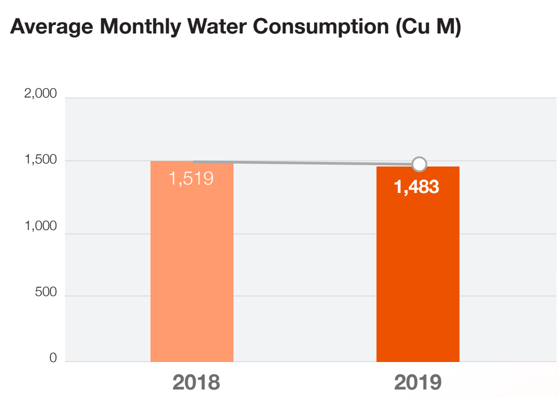
Location	Appliance	Quantity	Tick Rating
	Wall-mounted air conditioning unit	11	5 ticks
Office	Ceiling cassette air conditioning unit	3	4 ticks
	Office Refrigerator	1	4 ticks
Dormitory	Kitchen Refrigerator	1	3 ticks

Water

The bulk of our water consumption is attributed to our in-house dormitories where laundry services are provided to the foreign workers residing in the dormitories.

In an effort to meet our objectives of minimising utilities consumption, we always advocate conservation habits to our office staff and foreign workers to use water responsibly and reduce unnecessary wastage.

Despite the addition of two new dormitories, the monthly average water consumption was 1,483 CuM in 2019 – a decrease of 2.4% from the previous year. We will continue to seek opportunities for water conservation in the upcoming year.



Energy conservation measures for 202 Tagore Lane

The new office-cum-dormitory at 202 Tagore Lane was completed in 2019, the dormitory portion of the building has commenced operation. We have taken measures to reduce the consumption of electricity and water in the new building, such as eco-friendly furnishings and systems.

The energy efficient features installed in the new building are automated light timers with motion sensors in common areas and LED lightings. We also utilise energy saving appliances such as auxiliary fan units and no air-conditioning units in the dormitory rooms. We will continue our efforts in cultivating water and electricity saving habits in our office staff and foreign workers.

The Environment and Natural Resources

Material Area 4: Responsible Project Management

As a mechanical and electrical engineering company, our operations do not have direct significant impacts on the environment. However, as part of the construction supply chain, we acknowledge our responsibility in reducing the construction industry's overall impact on the environment. We always participate in eco-friendly projects and seek to adopt more sustainable technologies in our projects.

BCA Green Mark Certification

The BCA Green Mark Scheme was introduced by the Building and Construction Authority of Singapore ("BCA") in 2005. It is intended to promote sustainability and raise environmental awareness among developers, designers and builders during all stages of a construction project. It incorporates internationally recognised best practices in environmental design and performance. Buildings that are Green mark certified have the properties of (i) reduction in energy, water and material resource usage; (ii) reduction in potential environmental impact; and (iii) indoor environmental quality for better health and well-being.

As at 31 December 2019, 100% of the projects undertaken by the Group are all Green Mark Certified.

Adoption of eco-friendly technologies in project

The concept of Design for Manufacturing and Assembly ("DfMA") is the latest approach to the construction activities that have been introduced in recent years. The DfMA concept consists of Cross Laminated Timber ("CLT")/Glued Laminated Timber ("GluLam") and Prefabricated Prefinished Volumetric Construction ("PPVC") technologies to raise construction productivity and reduce negative environmental impacts such as site noise and dust pollution.

The Group has steadily increased its adoption of DfMA concept through the implementation of CLT/GluLam and PPVC technologies in three projects as at 31 December 2019. We will continue to expand the usage of these eco-friendly technologies in our new projects, and share our knowledge and experiences with other players in the construction industry.

SOCIAL ASPECTS

The Group's current workforce of 206 are working hard to deliver the best quality services to our customers. We are committed to maintain a safe, unbiased, rewarding and nurturing working environment for our employees. We practice our business with high standard of code of ethics and compliance with regulatory requirements. For external stakeholders such as customers, suppliers and the community, we aim to deliver positive impacts and value-adding solutions to them.

Social Objectives in 2019

1. To maintain a conducive and inclusive working culture that attracts and retains talents.

2. To provide good quality living conditions for foreign workers that stay in our dormitories.

3. To achieve zero work-site incidents.

4. To deliver high quality services and achieve minimum complaints from customers.

5. To maintain good records of compliance with the local laws and regulations.

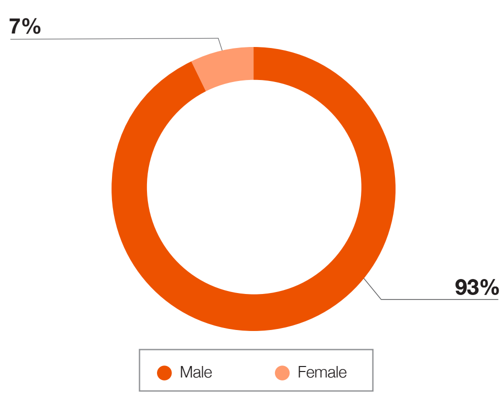
Employment

Material Area 5: Attraction and Retention

In Singapore, the "Employment Act", enforced by the Ministry of Manpower ("MOM"), is the main labour law that governs the rights and welfares for workers. During the reporting period, the Group did not have any instance of non-compliance with the local labour laws and regulations.

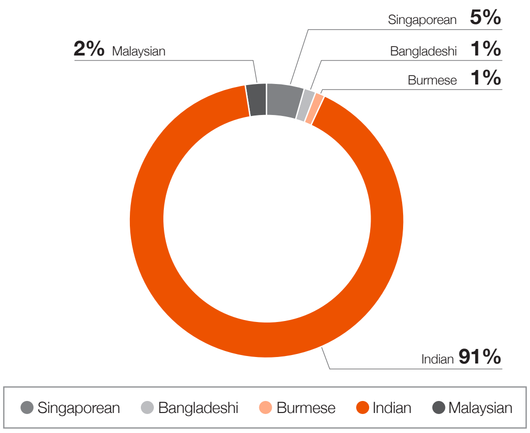
The Group's recruitment activities are based on merits such as experiences, qualifications, skills and etc. We do not practice discrimination against job applicants because of their gender, age, race, religion and etc. As at 31 December 2019, the proportion of male employees is higher than female employees in our workforce, as shown in the right chart. However, this distribution is due to the nature of construction industry our business is in, rather than a reflection of discriminatory practices within the Group. Our female employees are mostly working as executives and managers in office.

Employee by Gender

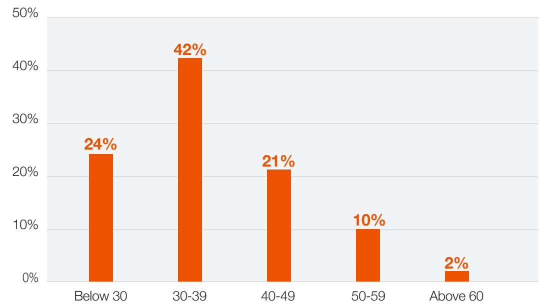


The Group's Code of Conduct has provided guidelines over anti-discrimination and freedom of harassments and etc. This helps our employees to be protected from verbal or behaviour abuses, regardless of age, ethnicity and nationality. The diversity of our workforce demographics in terms of nationality and age are shown in the following charts.

Diversity in Workforce



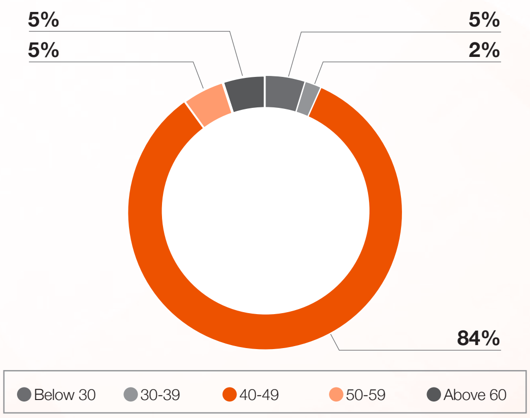
Distribution of Workforce by Age



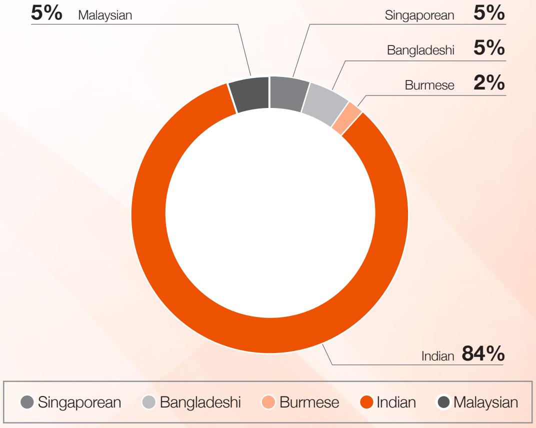
We offer competitive remuneration packages and welfare and benefits to attract and retain talents, such as performance incentives, reimbursement of medical expenses, annual leaves, allowances and more. The opportunities of annual bonuses, increment and promotion are provided to employees based on the result of their annual performance appraisals.

In 2019, we have total of 87 resigned employees, 80 of them are males and 7 are females. Given the nature of construction industry, 95% of our resigned employees are foreigners. During the reporting period, we did not have any cases of employee dismissal/termination. The demographics of our employee turnover in 2019 is illustrated in the graphs below.

Employee Turnover by Age Group



Turnover by Nationality



We always organise get together events for our employees, in order to cultivate stronger working relationships and teamwork. In 2019, we have held Chinese New Year celebration and lunch buffet, 7th Month Lunar Prayer and lunch buffet, Deepavali celebration and dinner buffet, and Christmas Gift Exchange lunch. Dinner or refreshments are also provided for all employees over meeting on the last Tuesday of every month.

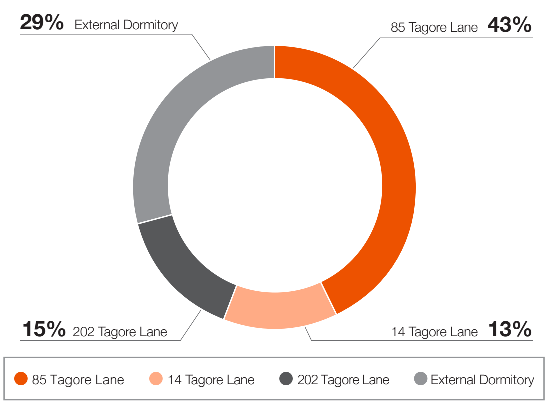
Material Area 6: Living Environment

Due to the nature of construction industry in Singapore, we have a large proportion of foreign workers under our employment that carry out site work for our projects. As an employer, we are committed to provide acceptable living conditions for our foreign workers to ensure they have good rests during non-working hours.

With the completion of the 202 Tagore Lane office-cum-dormitory in June 2019, the Group is now housing 71% of its foreign workers in three self-managed dormitories – 14, 85 and 202 Tagore Lane. The remaining workers are staying in an externally managed dormitory approved by Ministry of Manpower. The right chart shows the distribution of foreign workers in various dormitory sites.

We provide our employees with good quality facilities and services in the self-managed dormitories, such as four meals, laundry services, gym equipment, Wi-Fi network and an entertainment centre.

Percentage of Workers by Dormitory



Health and Safety

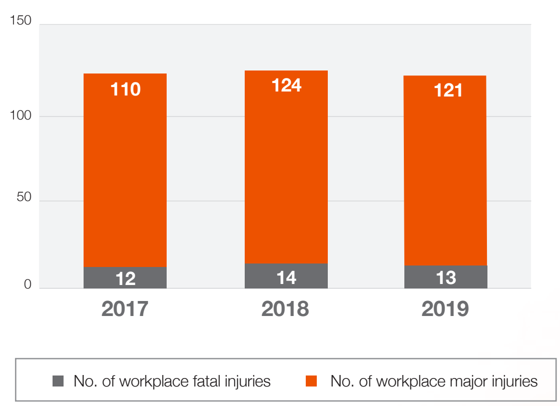
Material Area 7: Workplaces' Health and Safety

Workers' health and safety are the Group's priority in its day-to-day project management. We are committed to provide a safe working environment and protect employees from occupational hazards.

In Singapore, the legislations for workplace safety and health are enforced by MOM, namely the "Workplace Safety and Health Act" and the "Work Injury Compensation Act". The detailed standards for workplace safety and health practices are developed by the Workplace Safety and Health ("WSH") Council. In 2018, the WSH (Construction and Landscape) Committee introduced the "Workplace Safety and Health 2018 Strategy for Construction Sector". This will have significant impact on the construction industry that the Group operates in, as higher health and safety standards are introduced and implemented by this publication.

During the reporting period, the Group did not have any non-compliances with the laws and regulations relating to workplace safety and health. We also maintained zero cases of work-related fatalities and work injuries for two consecutive years, 2018 and 2019. Based on the Workplace Safety and Health Report 2019 published by the Ministry of Manpower, the number of workplace injuries in Singapore Construction Industry over the past three years are illustrated in the following graph:

Workplace injuries in Singapore Construction Industry



The Group has effectively established and implemented its QHSEMS, which was last reviewed in June 2019. Guidelines over safety conducts have been formalised in the QHSEMS, such as electrical safety, working at height, hot work operations, use of machinery and tools and etc.

The QHSEMS has three main stages relating to workplace health and safety – planning, implementation and enhancement. At the project planning stage, we conduct hazard identification and risk assessment exercise to ensure all areas of safety and health concerns are identified and mitigated with precautionary measures. During execution of each project, we appoint a well-experienced safety supervisor to monitor and rectify any unsafe behaviours at the project site. We have total of eight qualified first aiders, their first aid certificates are frequently renewed and will be valid until August 2020. To enhance workers' awareness on workplace safety, we also conduct internal training to evaluate fatality cases in the construction industry that are announced by the WSH council or published in the local media.

The Group has been adopting technologies to reduce the safety risks faced by our workers in the construction projects, such as PPVC technology, DfMA and CLT/Glulam. These technologies are introduced in 2017 and 2018's ESG reports. During our reporting period, these technologies are practiced in three of our existing projects. The Group will also explore more new technologies in the future, based on potential collaboration with professional bodies, industry players, government institutions and etc.

Development and Training

Material Area 8: Professional Development

We believe that continuous development of employees' knowledge and skills are crucial to strengthen the competitiveness of our business. The Group strives to train and develop each employee to his or her fullest potential for career advancement.

The Group's Human Resources department plays an active role in identification of training courses for employees to attend. These usually includes compulsory trainings required by the BCA and the MOM for the industry sector that the Group carries its business on, such as renewal of required licenses and certifications, workplace health and safety related courses and etc. Our office executives and management team are also encouraged to attend any external courses that will broaden their skills and knowledge.

Environmental, Social and Governance Report *(continued)*

A summary of the training courses attended by our office executives and site workers in 2019 is shown in the following table.

Office Executives and Management

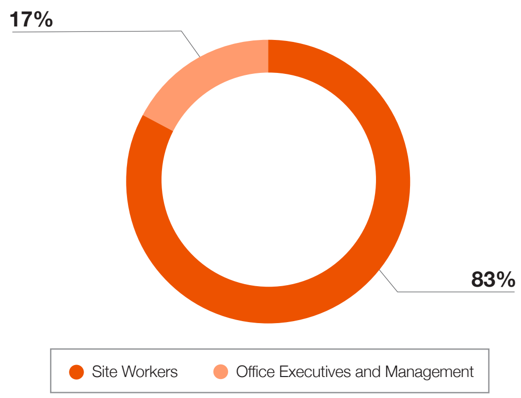
- Construction Contract Drafting and Dispute Resolution
- Construction Contract Administration
- Basic of Design for Manufacturing and Assembly (DFMA)
- Registered Earthworks Supervisor
- Construction Safety Course for Project Managers
- Protection Against Lightning for Buildings
- The Practical Approach to Handling Liquidated Damages and Final Return Retention Sum Payment

Site Workers

- CoreTrade – Tradesman (Electrical Wiring Installation)
- CoreTrade – Trade Foreman (Electrical Wiring Installation)
- Supervise Construction Work for Workplace Safety and Health
- Follow Food and Beverage Safety and Hygiene Policies and Procedures 2014 (SSF)

During the reporting period, total of 85 employees have attended external trainings, of which 17% are office executives and management, and the remaining 83% are site workers. The higher proportion of site workers going for training is due to the larger proportion of site workers which make up 74% of our workforce. The average number of training hours attended by each of our office executives and management and site workers are 3.96 hours and 4.83 hours respectively. In addition, all employees who have attended training are males, owing to the fact that 97% of our employees are males.

Percentage of Employees Trained by Employee Category



Number of Training Hours

Labour Standards

Material Area 9: Child and Forced Labour

In accordance to Singapore's Employment (Children and Young Persons) Regulations 2000, no child who is below the age of 13 years shall be employed in any occupation. Singapore also implemented the *Prevention of Human Trafficking Act* in 2014, where any person who recruits, transports, transfers, harbours or receives an individual by any means of coercion or a child (below age of 18) for the purpose of exploitation shall be guilty of an offence. The legislations are enforceable for all business operated in Singapore.

The Group has put in place internal policies and robust controls over manpower recruitment activities. The Human Resource department is responsible for checking and verifying the background, identity and qualification of each new hire. An official employment contract is entered for new hire and the right type of work pass issued by MOM is obtained for foreign worker. During the reporting period, the Group did not hire any child labour or forced labour, free-lance or illegal workers.

In addition, the Group has formal procedures in place to eliminate illegal labour practices if discovered, including escalation, investigation, reporting to authorities, rectification actions and etc.

Supply Chain Management

Material Area 10: Vendor Management

As an electrical and mechanical engineering company, the key materials that we use in our projects are electrical cables, switchgears, electrical components, low voltage systems and lightings and etc. We also engage sub-contractors to assist in areas where we are lack of sufficient expertise or experience, such as providing air-conditioning and mechanical ventilation systems, fire protection system and etc.

Our vendor management policies and procedures have been formalised in the OHSEMS, such as QHSE–SP-12 (Procurement) and QHSE-SP-02 (Reviewing of subcontractors' risk assessment). These policies help to ensure consistency in our quality control processes over the goods and services received.

Our criteria of vendor assessment are mainly product quality (i.e. meet test requirements), price competitiveness, certifications and awards, delivery schedules, response to instructions and etc. Before project commencement, new vendors are assessed based on the set of criteria prior to acceptance to the Approved Vendor List ("AVL"). After project completion, vendors that have been used in the project are evaluated based on the set of criteria prior to its retention in the AVL. Our vendors that provide material and services for the projects are engaged and evaluated in this way.

We did not make environmental and social impacts as the compulsory areas of assessment for vendors. However, new vendors with environmental certificates such as ISO 14001 will have greater advantage of being selected. Existing vendors with negative press of environmental and social impacts, such as excessive pollutions/discharges to the environment, exploitation of workers, damage to the communities would be reviewed for relationship termination.

To minimise disruption our operations, we maintain a sufficient large base of vendors which are all locally sourced in Singapore. As at 31 December 2019, there are total of 230 active suppliers in our AVL comparing to 160 suppliers at the end of 2018. As such, we avoid excessive reliance on a small number of vendors and can always engage alternative vendors to achieve price competitiveness and supply continuity.

Product Responsibility

Material Area 11: Quality Control and Assurance

The quality and reliability of our products and services are fundamental for us to secure more projects and sustain business in the long-run. The Group's management always endeavour to providing the best quality of electrical and mechanical installation work done for our customers.

In Singapore, the legislations for construction industry are enforced by the BCA, such as the Building Control Act. During the reporting period, the Group did not have any non-compliances with the laws and regulations enforced by BCA.

We have renewed our BCA licenses, bizSAFE STAR certificates, as well as ISO 9001, ISO 14001 and OHSAS 18001 certificates in the prior two years. These licenses and certificates are all valid until 2020.

The Group's QHSEMS has established guidelines over quality control and assurance processes, which are mainly comprised of project quality plan, monitoring and control and handover inspection. Prior to the commencement of each project, a project quality plan detailing the specific quality elements will be prepared based on the customer's specifications. A Quality Assurance and Quality Control ("QAQC") officer is appointed for each of our projects, who will perform quality control monitoring and inspection works on a daily basis. Before handover of the end-work to customer, a final quality inspection which include testing and commissioning of the installed M&E systems are carried out to identify and rectify defective works.

We have formalised procedures in place to address customer complaints received in the defect liability period. The project manager in charge shall be responsible for investigating the root causes of the complaints, following up with the customer to provide solutions, carrying out the ratification works, and reassuring customers with the results. During the reporting period, the Group did not receive any significant complaints for completed projects. All minor complaints received from customers were timely resolved to customer's satisfaction.

Material Area 12: Protection of Customer Data

In Singapore, all companies need to comply with the Personal Data Protection Act 2012 ("PDPA"), a legislation that govern the collection, use, disclosure and protection of personal data. We have established a Personal Data Protection Policy to ensure compliance with PDPA for personal data collected from our employees, customers and suppliers. During the reporting period, the Group did not have any reported cases of non-compliances with the PDPA.

We have also established guidelines for employees to handle and protect confidential data with care in the Group's code of conduct. Data security measures are put in place to protect the Group's confidential data, such as employee's personal and payroll information, each project's tendering price, cost budget, contract, progress reports and billings to customers, vendors' purchase contracts and orders and etc. Employees' access rights to the systems and shared-drives are assigned on a need to know basis. The Accounts, HR and Project data are backed-up on a monthly basis to password-protected external hard-disks. The network environment is protected with updated firewall and anti-virus software. The server room is equipped with adequate physical controls. In addition, an audit exercise was conducted on the Group's IT security environment in December 2019.

Anti-Corruption

Material Area 13: Code of Ethics and Whistle-Blowing

In Singapore, legislations relating to bribery, extortion, fraud and money laundering are stringent, including the *Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefit) Act* enforced by the Commercial Affairs Department and *Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT") regime* under the purview of the Monetary Authority of Singapore.

The Group places great emphasis on business integrity, and do not tolerate any form of bribery, extortion, fraud, money laundering or other corrupt practices. During the reporting period, there were no legal cases regarding corrupt or money laundering practices brought against the Group or any employees, officers or directors.

Guidelines on the standards of practices that all directors, officers and employees should abide by have been established in the Group's Code of Conduct, covering areas such as conflicts of interests, insider-trading, money-laundering preventions, among others. Harsh disciplinary action will be meted out to anyone who defies the Code of Conduct.

The Group has also established a whistle-blowing policy which formalises procedures on raising and reporting of concerns, responding to concerns raised, protection of the whistle-blowers, investigation and follow-up actions. Any suspected wrongdoings and improprieties fall within the scope of the policy shall be reported to the Group's whistle-blowing officers, who are the independent directors of the Board. During the reporting period, there were no whistle-blowing cases reported to the Board.

Community Investment

Material Area 14: Community Investment

The Group has always placed a significance in giving back to the society to help the less-privileged groups. During the reporting period, we made donations to assist institutions that provide traditional cultural activities and social medical services to the communities.

In 2019, we made total donation amounts of $30,036 to the following charitable organisations.

Charitable organisation	Method of donation	Amount (S$)
Prabhupad Yoga Meditation Center	Cheque	10,000
Hong Eng Dragon/Lion Dance Center (1998)	Cheque	3,600
Hong Hup Pte Ltd	150 bags of rice for charity	1,200
Chong Pang Community Club Management Committee Fund Raising	Cheque	3,000
Singapore Red Cross Society	Providing of location, facilities, gifts, food and drinks for blood donation drive	1,660
Donation to Old Folks' Home	Recycle Bags x 1,000pcs	1,600
North West Community Development Council	Sponsored Dinner	8,976
Total		30,036

Total of 114 participants (of which 55 successful donors) have participated in the Singapore Red Cross Society's blood donation drive in July 2019, including both our employees and employees of neighbouring companies. We will continue to seek opportunities to contribute back to society, be it donations or volunteer activities with charitable organisations.

APPENDIX

General Disclosures and KPI	Description of KPI Index		Section/Remarks
Environmental			
Aspect A1: Emission	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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		Environmental Aspects
	KPI A1.1	The types of emission and respective emissions data.	Material Area 1: Air Pollutants and Greenhouse Gas Emissions
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Material Area 1: Air Pollutants and Greenhouse Gas Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable as the Group's operations do not produce hazardous waste.
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not reported as the Group's existing projects are still on-going and not possible to calculate the total wastes produced.
	KPI A1.5	Description of measures to mitigate emission and results achieved.	Material Area 1: Air Pollutants and Greenhouse Gas Emissions
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Material Area 2: Non-Waste Hazardous Management

General Disclosures and KPI		Description of KPI Index	Section/Remarks
Aspect A2: Use resources of	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Environmental Aspects
	KPI A2.1	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).	Material Area 3: Utilities Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Material Area 3: Utilities Management
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Material Area 3: Utilities Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Material Area 3: Utilities Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable as the there are no packaging materials involved in the Group's operations
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Environmental Aspects
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Material Area 4: Responsible Project Management

General Disclosures and KPI	Description of KPI Index		Section/Remarks
Social			
Aspect B1: Employment	General Disclosure, information on: (a) the Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to compensation and dismissal, recruitment and promotion, working hours, resting periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Material Area 5: Attraction and Retention Material Area 6: Living Environment
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Material Area 5: Attraction and Retention
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Material Area 5: Attraction and Retention
Aspect B2: Health and Safety	General Disclosure, information on: (a) the Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to providing a safe working environment and protecting employees from occupational hazards.		Material Area 7: Workplaces' Health and Safety
	KPI B2.1	Number and rate of work-related fatalities.	Material Area 7: Workplaces' Health and Safety
	KPI B2.2	Lost days due to work injury.	Not applicable as there were no cases of work-place injury in 2018.
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Material Area 7: Workplaces' Health and Safety
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employers.		Material Area 5: Attraction and Retention
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Material Area 8: Professional Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Material Area 8: Professional Development

General Disclosures and KPI		Description of KPI Index	Section/Remarks
Aspect B4: Labour standards	General Disclosure, information on: (a) the Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to preventing child and forced labour.		Material Area 9: Child and Forced Labour
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Material Area 9: Child and Forced Labour
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Material Area 9: Child and Forced Labour
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		Material Area 10: Vendor Management
	KPI B5.1	Number of suppliers by geographical region.	Material Area 10: Vendor Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Material Area 10: Vendor Management
Aspect B6: Product Responsibility	General Disclosure, information on: (a) the Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Material Area 11: Quality Control and Assurance
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the nature of the Group's business does not involve recall of products sold.
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Material Area 11: Quality Control and Assurance
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable as the Group does not have any intellectual property.
	KPI B6.4	Description of quality assurance process and recall procedures.	Material Area 11: Quality Control and Assurance
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Material Area 12: Protection of Customer Data

General Disclosures and KPI		Description of KPI Index	Section/Remarks
Aspect B7: Anti-corruption	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Material Area 13: Code of Ethics and Whistle-blowing
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Material Area 13: Code of Ethics and Whistle-blowing
Aspect B8: Community investment	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Material Area 14: Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Material Area 14: Community Investment

Independent Auditor's Report

To the Shareholders of Solis Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Solis Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 137, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How the matter was addressed in the audit
Revenue from contracts with customers The Group's main revenue is construction contract revenue for the installation of mechanical and electrical systems. The Group applies the input method to its construction contract revenue and costs in accordance with IFRS 15 Revenue From Contracts With Customers. The input method recognises revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (i.e. costs incurred) relative to the total expected inputs to the satisfaction of that performance obligation. As disclosed in Note 4(a) to the consolidated financial statements, the uncertainty and subjectivity involved in determining the total expected costs to satisfy the performance obligation may have a significant impact on the revenue of the Group. Construction contract revenue is disclosed in Note 5 to the consolidated financial statements.	Our audit procedures included: • Evaluated the design and implementation of relevant key controls over the recognition of the construction contract revenue. • For a selection of completed projects during the year, we have performed retrospective reviews by comparing the total actual costs incurred at completion against the total expected costs to assess the reasonableness of management's estimate. • For a selection of projects in progress at the end of the reporting period, we have assessed management's assumptions on measuring progress towards satisfaction of performance obligations by, i) agreeing estimated costs that have been committed to quotations and contracts entered; and ii) assessing reasonableness of total expected inputs to satisfy the performance obligations by comparing percentage of progress billing over total contract sum against the progress towards satisfaction of performance obligations. • In relation to claims or variation orders raised against customers, we have selected samples and check them against supporting documents to validate whether it is probable that the customers will accept the claims or approve the variation orders, and whether the amount can be measured reliably. We have also assessed the historical experience of management's judgement on the settlement of claims and variation orders. • On a sample basis, we have performed cut-off testing to check that contract costs incurred are taken up in the appropriate financial period. • Compared total contract revenue to actual costs incurred plus expected inputs to satisfy the performance obligations and assess for foreseeable losses.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or condition may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ng Meng Chuan.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2020

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the financial year ended 31 December 2019

	Note	2019 S$'000	2018 S$'000
Revenue	*5*	**19,900**	19,036
Cost of services		**(22,340)**	(12,927)
Gross (loss) profit		**(2,440)**	6,109
Other income	*6*	**533**	328
Other gains (losses)	*6*	**(392)**	(259)
Administrative expenses		**(5,303)**	(4,642)
Finance costs	*7*	**(13)**	(40)
(Loss) profit before taxation		**(7,615)**	1,496
Income tax credit (expense)	*8*	**48**	(759)
(Loss) profit for the year	*9*	**(7,567)**	737
Other comprehensive (expense) income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
(Deficit) surplus on revaluation of freehold property	*13*	**(754)**	2,390
Surplus (deficit) on changes in fair value of intangible assets	*15*	**11**	(25)
Deficit on changes in fair value of financial asset at fair value through other comprehensive income	*16*	**(13)**	(1)
		(756)	2,364
Other comprehensive (expense) income for the year		**(756)**	2,364
Total comprehensive (expense) income for the year		**(8,323)**	3,101
(Loss) profit for the year attributable to:			
Owners of the Company		**(7,564)**	737
Non-controlling interests		**(3)**	–
		(7,567)	737
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(8,320)**	3,101
Non-controlling interests		**(3)**	–
		(8,323)	3,101
Basic and diluted (loss) earnings per share (S$ cents)	*35*	**(0.90)**	0.09

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 S$'000	31 December 2018 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*13*	**25,880**	29,591
Investment property	*14*	**4,226**	–
Intangible assets	*15*	**195**	184
Financial asset at fair value through other comprehensive income	*16*	**150**	163
		30,451	29,938
Current assets			
Trade receivables	*17*	**2,951**	2,550
Other receivables, deposits and prepayments	*18*	**222**	613
Contract assets	*19*	**2,828**	10,579
Amount due from ultimate holding company	*20*	**8**	5
Pledged fixed deposits	*21*	**210**	209
Bank balances and cash	*21*	**15,888**	18,339
		22,107	32,295
Current liabilities			
Trade payables and trade accruals	*22*	**1,843**	2,597
Other payables and accrued expenses	*23*	**2,760**	1,730
Contract liabilities	*19*	**556**	343
Obligations under finance leases	*24*	**–**	89
Income tax payable		**34**	376
Bank borrowings	*30*	**–**	392
		5,193	5,527
Net current assets		**16,914**	26,768
Total assets less current liabilities		**47,365**	56,706
Non-current liabilities			
Bank borrowings	*30*	**–**	950
Deferred tax liabilities	*25*	**–**	68
		–	1,018
Net assets		**47,365**	55,688
Capital, reserves and non-controlling interests			
Share capital	*26*	**1,454**	1,454
Reserves	*27*	**45,914**	54,234
Equity attributable to owners of the Company		**47,368**	55,688
Non-controlling interests		**(3)**	–
Total equity		**47,365**	55,688

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2019

	Share capital S$'000	Share premium S$'000	Retained earnings S$'000	Merger reserve S$'000 *(Note 27(i))*	Revaluation reserve for intangible assets S$'000 *(Note 27(ii))*	Revaluation reserve for financial asset at fair value through other comprehensive income S$'000 *(Note 27(iii))*	Revaluation reserve for property, plant and equipment S$'000 *(Note 27(iv))*	Total S$'000
Balance at 1 January 2018	1,454	26,697	15,564	1,500	38	148	7,186	52,587
Total comprehensive income (expense) for the year:								
Profit for the year	–	–	737	–	–	–	–	737
Other comprehensive income (expense) for the year	–	–	–	–	(25)	(1)	2,390	2,364
Total	–	–	737	–	(25)	(1)	2,390	3,101
Balance at 31 December 2018	1,454	26,697	16,301	1,500	13	147	9,576	55,688

	Share capital S$'000	**Share premium S$'000**	**Retained earnings S$'000**	**Merger reserve S$'000 *(Note 27(i))***	**Revaluation reserve for intangible assets S$'000 *(Note 27(ii))***	**Revaluation reserve for financial asset at fair value through other comprehensive income S$'000 *(Note 27(iii))***	**Revaluation reserve for property, plant and equipment S$'000 *(Note 27(iv))***	**Attributable to owners of the Company S$'000**	**Non-controlling interests S$'000**	**Total S$'000**
Balance at 1 January 2019	**1,454**	**26,697**	**16,301**	**1,500**	**13**	**147**	**9,576**	**55,688**	**-**	**55,688**
Total comprehensive (expense) income for the year:										
Loss for the year	**-**	**-**	**(7,564)**	**-**	**-**	**-**	**-**	**(7,564)**	**(3)**	**(7,567)**
Other comprehensive (expense) income for the year	**-**	**-**	**-**	**-**	**11**	**(13)**	**(754)**	**(756)**	**-**	**(756)**
Total	**-**	**-**	**(7,564)**	**-**	**11**	**(13)**	**(754)**	**(8,320)**	**(3)**	**(8,323)**
Balance at 31 December 2019	**1,454**	**26,697**	**8,737**	**1,500**	**24**	**134**	**8,822**	**47,368**	**(3)**	**47,365**

The consolidated financial statements on pages 72 to 137 were approved and authorised for issue by the Board of Directors on 23 March 2020 and are signed on its behalf by:

Tay Yong Hua
Chairman and Executive Director

Liang Qianyuan
Executive Director

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2019

	Note	2019 S$'000	2018 S$'000
Operating activities			
(Loss) profit before taxation		**(7,615)**	1,496
Adjustments for:			
Depreciation of property, plant and equipment		**612**	485
Loss (gain) on disposal of property, plant and equipment	*6*	**1**	(4)
Interest income	*6*	**(262)**	(128)
Interest expense	*7*	**13**	40
Dividend income	*6*	**(3)**	(3)
Revaluation (surplus) deficit on property	*6*	**(173)**	263
Fair value gain on investment property	*6*	**(97)**	–
Loss allowance under ECL model	*6*	**661**	–
Unrealised exchange loss (gain)		**13**	(221)
Operating cash flows before movements in working capital		**(6,850)**	1,928
Movements in working capital:			
Trade receivables		**(401)**	(854)
Other receivables, deposits and prepayments		**391**	(392)
Contract assets		**7,090**	5,438
Trade payables and trade accruals		**(754)**	(4,099)
Other payables and accrued expenses		**(386)**	(1,103)
Contract liabilities		**213**	(1)
Cash generated from operations		**(697)**	917
Income tax paid		**(362)**	(2,030)
Net cash used in operating activities		**(1,059)**	(1,113)
Investing activities			
Amount due from ultimate holding company		**(3)**	–
Purchase of property, plant and equipment *(Note A)*	*13*	**(196)**	(10,168)
Proceeds from disposal of property, plant and equipment		**–**	24
Purchase of intangible assets	*15*	**–**	(17)
Dividend received	*6*	**3**	3
Interest received	*6*	**261**	128
Placement of fixed deposit		**–**	(11,900)
Withdrawal of fixed deposits		**11,900**	–
Net cash from (used in) investing activities		**11,965**	(21,930)

For the financial year ended 31 December 2019

	Note	2019 S$'000	2018 S$'000
Financing activities			
Repayments of bank borrowings		**(1,342)**	(395)
Repayments of obligations under finance leases		**(89)**	(111)
Interest paid	7	**(13)**	(40)
Transaction costs directly attributable to issue of shares		**–**	(897)
Net cash used in financing activities		**(1,444)**	(1,443)
Net increase (decrease) in cash and cash equivalents		**9,462**	(24,486)
Cash and cash equivalents at beginning of the year		**6,439**	30,704
Effect of foreign exchange rate changes on the balance of cash held in foreign currency		**(13)**	221
Cash and cash equivalents at end of the year *(Note 21)*		**15,888**	6,439

Note A: During the year, the Group acquired property, plant and equipment of S$1,416,000 (2018: S$Nil) of which remained unpaid and included in other payables and accrued expenses (Note 23) as at 31 December 2019.

See accompanying notes to consolidated financial statements.

1 GENERAL

The Company was incorporated in the Cayman Islands and registered as an exempt company with limited liability on 21 June 2017 under the Cayman Companies Law. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in Hong Kong is at Room 1002-03, 10th Floor, Perfect Commercial Building, No. 20 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong. The head office and principal place of business of the Group in Singapore is at 85 Tagore Lane, Singapore 787527. The shares of the Company ("Shares") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 December 2017.

The Company is a subsidiary of HMK Investment Holdings Limited ("HMK"), a company incorporated in the British Virgin Islands ("BVI") which is also the Company's ultimate holding company. Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng ("Mr. Kenneth Teo") jointly controls the ultimate holding company and are the controlling shareholders of Solis Holdings Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company and the principal activities of its operating subsidiary is principally engaged in the provision of installations of mechanical and electrical systems.

The functional currency of the Company is Singapore dollars ("S$"), which is also the functional currency of its subsidiaries as set out in Note 34.

The consolidated financial statements are approved by the Board of Directors of the Company on 23 March 2020.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the IASB for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

New and amendments to IFRSs that are mandatorily effective for the current year *(continued)*

IFRS 16 *Leases*

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

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

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

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the Standard:

- For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

(a) Impact of the new definition of a lease

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

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

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

New and amendments to IFRSs that are mandatorily effective for the current year *(continued)*

IFRS 16 *Leases* *(continued)*

(b) *Impact on Lessee Accounting*

Former operating leases

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

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'administrative expenses' in profit or loss.

(c) *Impact on Lessor Accounting*

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

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

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

There are no material financial impact on the Group's financial position and performance as well as disclosure on initial application of IFRS 16 as the directors of the Company have elected to apply the transition exemption on short-term leases.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

New and amendments of IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1 and IAS 8	Definition of material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]

1 Effective for annual periods beginning on or after 1 January 2021.

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

3 Effective for annual periods beginning on or after a date to be determined.

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

5 Effective for annual periods beginning on or after 1 January 2022.

The directors of the Company anticipate that the application of the new and amendments to IFRSs listed above will have no material impact on the consolidated financial position and performance as well as disclosure in foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("IASB").

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and the applicable disclosures required by the Hong Kong Companies Ordinance.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of accounting *(continued)*

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, intangible assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases (since 1 January 2019) or IAS 17 Leases (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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

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

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

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

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

The principal accounting policies adopted are set out below.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification of financial assets

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

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL") except that at the date of initial application of IFRS 9 the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Financial assets at amortised cost and effective interest method

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

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

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

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Impairment of financial assets and contract assets

The Group performs impairment assessment under ECL model on financial assets which are subject to impairment under IFRS 9 (including trade receivables, contract assets, other receivables, bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Impairment of financial assets and contract assets *(continued)*

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

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

(i) *Significant increase in credit risk*

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Impairment of financial assets and contract assets *(continued)*

(i) Significant increase in credit risk (continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 35 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history); ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Impairment of financial assets and contract assets *(continued)*

(ii) Definition of default

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

- when there is a breach of financial covenants by the debtor; or

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

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower; or

- a breach of contract, such as a default or past due event; or

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Impairment of financial assets and contract assets *(continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

Derecognition of financial assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities and equity

Classification of financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not i) contingent consideration of an acquirer in a business combination; ii) held-for-trading; or iii) designated measured as at FVTPL, are subsequently at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

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

Impairment of tangible and intangible assets

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets *(continued)*

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Property, plant and equipment

Freehold properties held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of consolidated financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery	3 to 8 years
Computer and software	3 years
Office equipment	3 to 6 years
Motor vehicles	6 years
Renovations, furniture and fittings	6 to 8 years

No depreciation is provided on freehold land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets are carried at revalued amounts, being their fair value at the date of the revaluation. Any revaluation increase arising from revaluation of intangible assets is recognised in other comprehensive income and accumulated in reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an intangible asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy above.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Provisions

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Policies applicable from 1 January 2019

Definition of a lease

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

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

The Group as a lessee

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Policies applicable from 1 January 2019 *(continued)*

The Group as a lessee (continued)

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to its investment property.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Policies applicable prior to 1 January 2019

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as an obligation under finance lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

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

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

Revenue recognition

The Group recognises revenue from construction contract.

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs; or
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of services.

Revenue from construction contract is described in the accounting policy on construction contracts below.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Construction Contracts Revenue for the Installations of Mechanical and Electrical Systems

Revenue from construction contract for the installations of mechanical and electrical systems is recognised over time during the course of installation services by reference to the progress towards satisfaction at the end of the reporting period. Progress towards satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract costs), that best depict the Group's performance in transferring control of goods or services.

For construction contracts for the installations of mechanical and electrical systems that contain variable consideration such as variations in contract work, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the construction contract for the installations of mechanical and electrical systems only to the extent that it is highly probable that such as inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

The contract assets on construction contracts for the installations of mechanical and electrical systems represent the Group's right to consideration for work completed and not billed as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations.

The contract liabilities on construction contracts for the installations of mechanical and electrical systems represent the Group's obligation to transfer project works to customers for which the Group has received consideration from the customers.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest income

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Government grants

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency transactions and translation

The consolidated financial statements of the Group are measured and presented in Singapore dollars, the currency of the primary economic environment in which the Company and its subsidiaries operates (their functional currencies).

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

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

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(a) Revenue from contracts with customers

The Group recognises contract revenue and profit of a construction contract during the course of construction by reference to the progress towards satisfaction at the end of the reporting period. Progress towards satisfaction is measured based on input method. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract costs. The actual outcomes in terms of total contract costs or contract revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(b) Estimated impairment of trade receivables and contract assets

The Group performs impairment assessment under ECL model for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the loss allowance based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material loss allowance may arise.

(c) Fair value measurement of properties

The Group measured its properties at fair value for financial reporting purposes. In estimating the fair value of the properties, the Group engages third party qualified valuers to assess the fair values, which are determined based on the market comparable approach. The directors of the Company works closely with the third party valuers to establish the appropriate valuation techniques and inputs to the model. The carrying amounts of the properties carried at fair value as at 31 December 2019 is disclosed in Notes 13 and 14 to the financial statements.

5 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the construction contract revenue for the installations of mechanical and electrical systems.

Information is reported to the executive directors of the Group, being the chief operating decision makers, for the purposes of resource allocation and performance assessment. They would review the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in Note 3. Accordingly, the Group has only one single operating segment and only disclosures on services, major customers and geographical information of this single segment are presented.

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Revenue from:		
Installations of mechanical and electrical systems	**19,900**	19,036

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group of the corresponding years are as follows:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Customer A	**3,123**	3,312
Customer B	**5,551**	3,265
Customer C	**3,794**	2,390
Customer D	**3,473**	N/A*
Customer E	**N/A***	2,154
Customer F	**N/A***	3,338

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective financial years.

5 REVENUE AND SEGMENT INFORMATION *(continued)*

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and 31 December 2018 are as follows:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Installations of mechanical and electrical systems	**13,257**	25,237

The directors of the Company expect that the transaction price allocated to the unsatisfied performance contracts as of the year ended 2019 will be recognised as revenue varying from 1 to 2 years according to the contract period.

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. All revenue was derived from Singapore based on the location of services performed and the Group's property, plant and equipment are all located in Singapore.

6 OTHER INCOME AND OTHER GAINS (LOSSES)

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Other income		
Interest income	**262**	128
Dividend income	**3**	3
Government grants	**52**	141
Rental income	**216**	56
	533	328
Other gains (losses)		
Revaluation surplus (deficit) on property	**173**	(263)
Fair value gain on investment property	**97**	–
(Loss) gain on disposal of property, plant and equipment	**(1)**	4
Loss allowance under ECL model	**(661)**	–
	(392)	(259)

7 FINANCE COSTS

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Interest expense:		
– Obligations under finance leases	**2**	8
– Bank borrowings	**11**	32
	13	40

8 INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Tax (credit) expense comprise:		
Current tax:		
– Singapore corporate income tax ("CIT")	**–**	376
– Underprovision in prior years	**20**	402
Deferred tax credit *(Note 25)*	**(68)**	(19)
	(48)	759

Singapore CIT is calculated at 17% of the estimated assessable profits eligible.

The taxation for the respective year ends can be reconciled to the (loss) profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
(Loss) profit before taxation	**(7,615)**	1,496
Tax (credit) expense at applicable tax rate of 17% (2018: 17%)	**(1,295)**	254
Tax effect of expenses not deductible for tax purpose	**243**	143
Effect of tax concessions and partial tax exemptions	**–**	(40)
Effect of unused deductible temporary differences not recognised as deferred tax assets	**1,052**	–
Underprovision of tax in prior years	**20**	402
Others	**(68)**	–
Income tax (credit) expense	**(48)**	759

9 (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Depreciation of property, plant and equipment	**612**	485
Auditor's remuneration	**158**	150
Directors' remuneration (including contributions to CPF)	**1,336**	1,386
Other staff costs:		
– Salaries and other benefits	**6,783**	6,715
– Contributions to CPF	**223**	217
Total staff costs *(Note a)*	**8,342**	8,318
Subcontractor costs recognised as cost of services	**3,684**	1,453

Note:

a. Staff costs of S$5,534,000 (2018: S$5,770,000) are included in cost of services.

10 OPERATING LEASE COMMITMENTS

The Group as lessee

Disclosure required by IFRS 16

At 31 December 2019, the Group is committed to $26,000 for short-term leases.

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

	Year ended 31 December 2019 S$'000
Expense relating to short-term leases with lease terms end within 12 months of the date of initial application of IFRS 16	**350**

Disclosure required by IAS 17

	Year ended 31 December 2018 S$'000
Minimum lease payments paid during the year under operating leases in respect of staff dormitories and equipment	435

10 OPERATING LEASE COMMITMENTS *(continued)*

The Group as lessee *(continued)*

As at 31 December 2018, the Group has future minimum rental payable under non-cancellable operating leases, which fall due as follows:

	Year ended 31 December 2018 S$'000
Within one year	226

The leases have tenures mainly for one year, with no renewal option or contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

The Group as lessor

Disclosure required by IFRS 16

Operating leases, in which the Group is the lessor, relate to property owned by the Group with lease terms of 1 year. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last three years. The Group did not identify any indications that this situation will change.

	Year ended 31 December 2019 S$'000
Maturity analysis of operating lease payments:	
Year 1	**125**

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

	Year ended 31 December 2019 S$'000
Lease income on operating lease	**216**

10 OPERATING LEASE COMMITMENTS *(continued)*

The Group as lessor *(continued)*

Disclosure required by IAS 17

	Year ended 31 December 2018 S$'000
Rental income	56

As at 31 December 2018, the Group has contracted with tenants for the following future minimum lease receipts:

	Year ended 31 December 2018 S$'000
Within one year	280

11 RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group has the following transactions with related parties:

		Year ended 31 December	
Relationship	**Nature of transactions**	**2019 S$'000**	2018 S$'000
Ultimate holding company	Payment made on behalf	**3**	–

12 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Directors and chief-executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Year ended 31 December 2019	Directors' fees S$'000	Salaries and allowance S$'000	Bonus S$'000	Contribution to retirement benefit scheme S$'000	Total S$'000
Executive Directors					
Mr. Tay Yong Hua (i)	–	420	35	10	465
Mr. Tay Yong Meng (ii)	–	300	25	13	338
Mr. Kenneth Teo (iii)	–	324	25	16	365
Mr. Liang Qianyuan (iv)	15	–	–	–	15
Sub-total	15	1,044	85	39	1,183
Independent Non-Executive Directors					
Ms. Theng Siew Lian Lisa (v)	46	–	–	–	46
Mr. Law Wang Chak Waltery (vi)	18	–	–	–	18
Mr. Tan Sin Huat Dennis (vii)	40	–	–	–	40
Mr. Ganok Cheung (viii)	23	–	–	–	23
Dr. Guan Huan Fei (ix)	15	–	–	–	15
Mr. Jacobsen William Keith (x)	11	–	–	–	11
Sub-total	153	–	–	–	153
Total	168	1,044	85	39	1,336

12 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors' and chief executive's emoluments *(continued)*

Year ended 31 December 2018	Directors' fees S$'000	Salaries and allowance S$'000	Bonus S$'000	Contribution to retirement benefit scheme S$'000	Total S$'000
Executive Directors					
Mr. Tay Yong Hua [(i)]	–	420	70	13	503
Mr. Tay Yong Meng [(ii)]	–	300	50	17	367
Mr. Kenneth Teo [(iii)]	–	324	50	17	391
Sub-total	–	1,044	170	47	1,261
Independent Non-Executive Directors					
Ms. Theng Siew Lian Lisa [(v)]	42	–	–	–	42
Mr. Law Wang Chak Waltery [(vi)]	41	–	–	–	41
Mr. Tan Sin Huat Dennis [(vii)]	42	–	–	–	42
Sub-total	125	–	–	–	125
Total	125	1,044	170	47	1,386

(i) Mr. Tay Yong Hua acts as executive chairman of the Company.

(ii) Mr. Tay Yong Meng was appointed as executive director on 21 June 2017 and resigned on 4 January 2020.

(iii) Mr. Kenneth Teo was appointed as executive director and Chief Executive Officer on 21 June 2017 and resigned on 13 December 2019.

(iv) Mr. Liang Qianyuan was appointed as non-executive director on 25 September 2019 and subsequently re-designated as executive director on 13 December 2019. He acts as Chief Executive Officer of the Company.

(v) Ms. Theng Siew Lian Lisa was appointed as independent non-executive director on 14 November 2017 and resigned on 4 January 2020.

(vi) Mr. Law Wang Chak Waltery was appointed as independent non-executive director on 14 November 2017 and resigned on 11 June 2019.

(vii) Mr. Tan Sin Huat was appointed as independent non-executive director on 14 November 2017 and resigned on 16 December 2019.

(viii) Mr. Garnok Cheung was appointed as independent non-executive director on 11 June 2019.

(ix) Dr. Guan Huan Fei was appointed as independent non-executive director on 23 August 2019.

(x) Mr. Jacobsen William Keith was appointed as independent non-executive director on 25 September 2019.

12 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors' and chief executive's emoluments *(continued)*

The executive directors' emoluments shown above were for their services in connection with the management affairs of the Group. Performance related bonus was determined by reference to their duties and responsibilities of the relevant individual within the Group and the Group's performance. The emoluments stated above were mainly for their services in connection with their roles as directors of the Group. The independent non-executive director's emolument were for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. Each of the directors has not waived any remuneration during both years.

Employees' emoluments

The remunerations of the five highest paid individuals, including the 3 directors and 2 individuals, over the years ended 31 December 2019 and 31 December 2018 are as below:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Salaries and allowances	**1,263**	1,272
Discretionary bonus	**94**	208
Contribution to retirement benefit scheme	**64**	78
Total compensation	**1,421**	1,558

The number of highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December	
	2019	2018
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	2
HK$2,500,001 to HK$3,000,000	**1**	1
	5	5

During both years, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the five highest paid individuals waived any remuneration during the reporting periods.

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S$'000	Building S$'000	Freehold land S$'000	Computer and software S$'000	Office equipment S$'000	Motor vehicles S$'000	Renovations, furniture and fittings S$'000	Total S$'000
Cost or valuation:								
At 1 January 2018	147	3,600	13,060	252	102	1,852	133	19,146
Additions	9	3,456	6,400	29	–	272	2	10,168
Disposals	–	–	–	(1)	(3)	(124)	–	(128)
Revaluation surplus	–	7	2,240	–	–	–	–	2,247
Revaluation deficit on property	–	(263)	–	–	–	–	–	(263)
At 31 December 2018	156	6,800	21,700	280	99	2,000	135	31,170
Additions	2	1,416	–	47	37	–	110	1,612
Disposals	–	–	–	–	*	(21)	–	(21)
Revaluation surplus	–	–	804	–	–	–	–	804
Revaluation deficit on property	–	(1,617)	–	–	–	–	–	(1,617)
Transfer to investment property *(Note 14)*	–	(1,020)	(3,109)	–	–	–	–	(4,129)
At 31 December 2019	158	5,579	19,395	327	136	1,979	245	27,819
Comprising								
At 31 December 2018:								
At cost	156	–	–	280	99	2,000	135	2,670
At valuation	–	6,800	21,700	–	–	–	–	28,500
	156	6,800	21,700	280	99	2,000	135	31,170
At 31 December 2019:								
At cost	158	–	–	327	136	1,979	245	2,845
At valuation	–	5,579	19,395	–	–	–	–	24,974
	158	5,579	19,395	327	136	1,979	245	27,819

* Amount less than S$1,000

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Plant and machinery S$'000	Building S$'000	Freehold land S$'000	Computer and software S$'000	Office equipment S$'000	Motor vehicles S$'000	Renovations, furniture and fittings S$'000	Total S$'000
Accumulated depreciation:								
At 1 January 2018	35	–	–	154	63	1,000	93	1,345
Charge for the year	14	143	–	41	10	264	13	485
Eliminated on disposals	–	–	–	(1)	(3)	(104)	–	(108)
Eliminated on revaluation	–	(143)	–	–	–	–	–	(143)
At 31 December 2018	49	–	–	194	70	1,160	106	1,579
Charge for the year	19	232	–	55	12	271	23	612
Eliminated on disposals	–	–	–	–	–	(20)	–	(20)
Eliminated on revaluation	–	(232)	–	–	–	–	–	(232)
At 31 December 2019	68	–	–	249	82	1,411	129	1,939
Carrying amount:								
At 31 December 2018	107	6,800	21,700	86	29	840	29	29,591
At 31 December 2019	90	5,579	19,395	78	54	568	116	25,880

Assets under finance lease arrangement

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

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Motor vehicles	**–**	336

Fair value measurement of the Group's freehold properties

The Group's freehold properties are stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold properties as at 31 December 2019 and 2018 were performed by Cushman & Wakefield VHS Pte Ltd, independent valuers who are not related to the Group. Cushman & Wakefield VHS Pte Ltd are members of the Singapore Institute of Surveyors and Valuers, and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold properties, comprising of freehold land and buildings, were determined based on market comparable approach that reflects recent transaction prices for similar properties.

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value measurement of the Group's freehold properties *(continued)*

Description	Fair value as at S$	Valuation technique	Significant unobservable input	Sensitivity
31 December 2019				
Freehold property A	12,600,000	Market comparison approach	Market price of S$1,254 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property B	7,900,000	Market comparison approach	Market price of S$1,682 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property C	4,474,000	Market comparison approach	Market price of S$1,621 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
31 December 2018				
Freehold property A	12,300,000	Market comparison approach	Market price of S$1,224 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property B	7,700,000	Market comparison approach	Market price of S$1,639 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value
Freehold property C	8,500,000	Market comparison approach	Market price of S$1,584 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

The fair value of the freehold land is computed as the difference between the valuation of the freehold property and the building as determined under the market comparison approach and the cost approach respectively.

Any significant isolated increase to these inputs would result in a significant increase in the fair value. There has been no change to the valuation technique used during both years.

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value measurement of the Group's freehold properties *(continued)*

Details of the Group's freehold property and information about the fair value hierarchy as at the end of the reporting periods are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Fair value S$'000
As at 31 December 2019				
Freehold land	**–**	**–**	**19,395**	**19,395**
Building	**–**	**–**	**5,579**	**5,579**
	–	**–**	**24,974**	**24,974**
As at 31 December 2018				
Freehold land	–	–	21,700	21,700
Building	–	–	6,800	6,800
	–	–	28,500	28,500

There were no transfers between the respective levels during both years.

The carrying amount of the freehold land and buildings that would have been recognised had the assets been carried under the cost model, would be S$10,551,000 (2018: S$13,660,000), and S$5,718,000 (2018: S$4,582,000) respectively.

As at 31 December 2019, freehold properties with a carrying amount of S$20,500,000 (2018: S$20,000,000) have been pledged under a mortgage to secure a line of credit with two banks (Notes 28 and 30). The Group is not allowed to pledge these assets as security for other borrowings or sell them to any other entity.

14 INVESTMENT PROPERTY

	Year ended 31 December	
	2019 S$'000	2018 S$'000
At fair value:		
Balance at beginning of year	**–**	–
Transfer from property, plant and equipment *(Note 13)*	**4,129**	–
Fair value change recognised in profit or loss	**97**	–
Balance at end of year	**4,226**	–

14 INVESTMENT PROPERTY *(continued)*

These include the following related to investment property classified under Level 3 of the fair value hierarchy:

	Year ended 31 December	
	2019	2018
	S$'000	S$'000
Fair value change recognised in profit or loss	**97**	–

The Group's investment property is held under freehold interests.

Fair value measurement of the Group's freehold property

The fair value measurement of the Group's freehold property as at 31 December 2019 was performed by Cushman & Wakefield VHS Pte Ltd, independent valuers who are not related to the Group. Cushman & Wakefield VHS Pte Ltd are members of the Singapore Institute of Surveyors and Valuers, and they have the appropriate qualifications and recent experience in the fair value measurement of property in the relevant location.

Details of the Group's freehold property and information about the fair value hierarchy as at the end of the reporting periods are as follows:

	Level 1	**Level 2**	**Level 3**	**Fair value**
	S$'000	S$'000	S$'000	S$'000
As at 31 December 2019				
Freehold land	**–**	**–**	**3,255**	**3,255**
Building	**–**	**–**	**971**	**971**
	–	**–**	**4,226**	**4,226**

The fair value of the freehold property, comprising of freehold land and buildings, were determined based on market comparable approach that reflects recent transaction prices for similar properties.

14 INVESTMENT PROPERTY *(continued)*

Fair value measurement of the Group's freehold property *(continued)*

For freehold property categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Description	Fair value as at S$	Valuation technique	Significant unobservable input	Sensitivity
31 December 2019				
Freehold property	4,226,000	Market comparison approach	Market price of S$1,621 per square feet after adjusting for age, location, condition and surrounding facility	The higher the market price, the higher the fair value

The fair value of the freehold land is computed as the difference between the valuation of the freehold property and the building as determined under the market comparison approach and the cost approach respectively.

Any significant isolated increase to these inputs would result in a significant increase in the fair value. There has been no change to the valuation technique used.

There were no transfers between respective levels during the year.

Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to S$30,000 (2018: S$Nil).

15 INTANGIBLE ASSETS

Club Membership	**2019 S$'000**	2018 S$'000
Fair value:		
Balance at beginning of year	**184**	192
Additions	**–**	17
Surplus (deficit) on revaluation	**11**	(25)
Balance at end of year	**195**	184

The intangible assets included above have indefinite useful lives. At the end of each year, management reviews the fair value measurement of the club membership to determine the fair value changes to be recognised in the revaluation reserve.

16 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 **S$'000**	2018 S$'000
Equities investments listed in Singapore:		
– Financial asset at fair value through other comprehensive income	**150**	163

17 TRADE RECEIVABLES

	2019 **S$'000**	2018 S$'000
Trade receivables	**2,951**	2,550

The Group grants credit terms to customers typically up to 35 days from the invoice date for trade receivables (2018: 35 days).

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

	2019 **S$'000**	2018 S$'000
1 to 30 days	**1,646**	2,130
31 to 60 days	**1,305**	396
61 to 90 days	**–**	–
More than 90 days	**–**	24
	2,951	2,550

Before accepting any new customer, the Group will assess the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

The Group applied lifetime ECL (simplified approach) to provide the expected credit losses as prescribed by IFRS 9. The impairment methodology is set out in Notes 3 and 33(c) respectively.

As part of the Group's credit risk management, the ECL on trade receivables are assessed individually for debtors with significant balances. Assessment are done based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Details of the credit risk assessment are included in Note 33(c).

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

The directors of the Company considered that there is no loss allowance required for trade receivables as at 31 December 2019 and 31 December 2018.

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 S$'000	2018 S$'000
Deposits	**121**	54
Prepayments	**98**	91
Advances to staff	**3**	6
Goods and Services Tax ("GST") receivables	**–**	414
Other receivables	**–**	48
	222	613

The Group applied 12-month ECL to provide the expected credit losses as prescribed by IFRS 9. The impairment methodology is set out in Notes 3 and 33(c) respectively.

As part of the Group's credit risk management, the Group determines the ECL on other receivables and deposits based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Details of the credit risk assessment are included in Note 33(c).

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

The directors of the Company considered that there is no loss allowance required for other receivables and deposits as at 31 December 2019 and 31 December 2018.

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

	2019 S$'000	2018 S$'000
Analysed for reporting purposes as:		
Contract assets	**3,489**	10,579
Less: Loss allowance under ECL model	**(661)**	–
	2,828	10,579
Contract liabilities	**(556)**	(343)
	2,272	10,236

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

19 CONTRACT ASSETS AND CONTRACT LIABILITIES *(continued)*

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date under the input method.

As at 31 December 2019, included in contract assets are retention money held by customers for construction work amounted to S$2,240,000 (2018: S$3,605,000). Retention monies withheld by customers of contract work are released by stages on substantial completion and on final completion, which is after the defect liability period of the relevant contracts ranging from 12 to 18 months. Included in the retention receivables are carrying amounts of approximately S$979,000 (2018: S$1,160,000) which is expected to be recovered after 12 months of the reporting period. Retention money is unsecured, interest-free and expected to be received within the Group's normal operating cycle and hence classified as current assets at the consolidated statement of financial position.

The Group applied lifetime ECL (simplified approach) to provide the expected credit losses as prescribed by IFRS 9. The impairment methodology is set out in Notes 3 and 33(c) respectively.

As part of the Group's credit risk management, the ECL on contract assets are assessed individually for debtors with significant balances. Assessment are done based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Details of the credit risk assessment are included in Note 33(c).

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

The following table shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in IFRS 9:

	Lifetime ECL (credit-impaired) S$'000
As at 1 January 2018 and 31 December 2018	–
New contract assets originated	661
As at 31 December 2019	661

20 AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

			Maximum outstanding amount	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Non-trade related	**8**	5	**8**	5

The amount due from ultimate holding company is non-trade related, unsecured, interest-free and repayable on demand.

The Group applied 12-month ECL to provide the expected credit losses as prescribed by IFRS 9. The impairment methodology is set out in Notes 3 and 33(c) respectively.

As part of the Group's credit risk management, the Group determines the ECL on amount due from ultimate holding company based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Details of the credit risk assessment are included in Note 33(c).

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

The directors of the Company considered that there is no loss allowance required for amount due from ultimate holding company as at 31 December 2019 and 31 December 2018.

21 PLEDGED FIXED DEPOSITS/BANK BALANCES AND CASH

	2019	2018
	S$'000	S$'000
Pledged fixed deposits *(Note a)*	**210**	209
Cash on hand	**8**	10
Cash at bank *(Note b)*	**15,880**	6,429
Fixed deposit *(Note c)*	**–**	11,900
Total bank balances and cash	**15,888**	18,339
Less: Fixed deposit	**–**	(11,900)
Cash and cash equivalents in the statement of cash flows	**15,888**	6,439

Note:

a. The balance represents fixed deposits with an original maturity of 12 months for the purpose of securing the line of credit of S$5,780,000 granted to the Group (Note 28) as at 31 December 2019 and 31 December 2018. The balances are rolled forward on their maturity in March each year, and carry interest of 0.25% per annum (2018: 0.25% per annum).

b. Bank balances carry interest at prevailing market rate of approximately 0.10% per annum (2018: 0.10% per annum).

c. The balance represents fixed deposit with an original maturity of Nil (2018: 6 months) and carry interest of Nil% per annum (2018: 1.69% per annum).

22 TRADE PAYABLES AND TRADE ACCRUALS

	2019	2018
	S$'000	S$'000
Trade payables	**1,771**	1,787
Trade accruals	**72**	810
	1,843	2,597

The credit period on purchases from suppliers and subcontractors is between 30 to 90 days or payable upon delivery. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting year:

	2019	2018
	S$'000	S$'000
Within 90 days	**1,397**	1,644
91 days to 120 days	**374**	143
	1,771	1,787

23 OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	S$'000	S$'000
Accrued operating expenses	**1,149**	1,508
Other payables *(Note a)*	**1,611**	222
	2,760	1,730

Note:

a. Included in other payables is S$1,416,000 (2018: S$Nil) in relation the amounts payable for the purchase of property, plant and equipment.

24 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2018 S$'000	Present value of minimum lease payments 2018 S$'000
Amounts payable under finance leases:		
Within one year	91	89
In more than one year but not more than two years	–	–
	91	89
Less: Future finance charges	(2)	–
Present value of lease obligations	89	89
Less: Amount due for settlement within 12 months (shown under current liabilities)		(89)
Amount due for settlement after 12 months		–

Interest rates underlying all obligations under finance leases was fixed at respective contract dates are as follows:

	2018
Interest rates	2.68%

The average lease term was 3 years. The Group's obligations under finance leases were secured by the lessor's charge over the leased assets (Note 13).

25 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and the movements thereon:

	Accelerated tax depreciation
	S$'000
As at 1 January 2018	87
Credited to profit or loss for the year *(Note 8)*	(19)
As at 31 December 2018	68
Credited to profit or loss for the year *(Note 8)*	(68)
As at 31 December 2019	–

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with tax law prevailing in Singapore.

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has deductible temporary differences of S$6,186,000 (2018: S$Nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. The losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

26 SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Authorised share capital of the Company:		
At 1 January 2019, 31 December 2019 and 31 December 2018	10,000,000,000	100,000

	Number of shares	Share capital
		S$'000
Issued and fully paid of the Company:		
At 1 January 2019, 31 December 2019 and 31 December 2018	840,000,000	1,454

27 RESERVES

I. MERGER RESERVE

Merger reserves represents the share capital of the subsidiary when entities under common control are accounted for by applying the pooling of interest method arising from group reorganisation in 2017.

II. REVALUATION RESERVE FOR INTANGIBLE ASSETS

The revaluation reserve arises from surplus on revaluation of intangible assets as set out in Note 15.

III. REVALUATION RESERVE FOR FINANCIAL ASSET AT FVTOCI

The revaluation reserve arises from the revaluation of equities investments listed in Singapore as set out in Note 16.

IV. REVALUATION RESERVE FOR PROPERTY, PLANT AND EQUIPMENT

The revaluation reserve arises from the revaluation of freehold properties as set out in Note 13.

28 BANKING FACILITIES

The Group entered into a banking facility for a line of credit amounting to S$5,780,000. The facility comprises of S$3,000,000 for Money Market Loan (MML), S$1,000,000 for Overdraft (OD), S$1,700,000 for issuing Performance Guarantee (PG) and S$80,000 for Credit Card limit. If the line of credit is utilised, interest charged on the MML would be based on 2.50% of bank cost of funds or Swap Offer Rate (SOR), whichever is the higher, interest charged on the OD would be 1.50% per annum over the bank's prime lending rate, and the interest charged on the PG would be based on the bank's prevailing standard borrowing rate. The line of credit is secured by the mortgage over Freehold Property A and the fixed deposit placed with the bank.

As at 31 December 2019, the Group utilised the PG banking facility of S$Nil (2018: S$53,000).

On March 2019, the Group renewed its banking facility with another bank, for a consolidated facility limit of S$1,000,000 (2018: S$500,000), which can be used for Letters of Credit (LCs), acceptance and loan against trust receipts, import loan and invoice financing, shipping guarantees, bonds and guarantees. If the line of credit is utilised, interest charged would be based on bank's cost of funds + 2.00% or standard commission charged. The line of credit is secured by the mortgage over Freehold Property B.

The above banking facility remained unutilised during both years.

29 RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore ("CPF"), the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For each of the years ended 31 December 2019 and 2018, the Group contributes up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S$6,000 per month.

The total costs charged to profit or loss amounting to S$262,000 (2018: S$264,000) represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2019, contributions of S$79,000 (2018: S$68,000) were due and accrued, and subsequently paid at the end of the year.

30 BANK BORROWINGS

	2018 S$'000
Bank borrowings – secured	1,342
Analysed as:	
Carrying amount repayable within one year	392
Carrying amount repayable more than one year, but not exceeding two years	400
Carrying amount repayable more than two years, but not more than five years	550
	1,342
Less: Amount due within one year shown under current liabilities	(392)
Amount due for settlement after 12 months	950

The Group's borrowings of principal of S$Nil (2018: S$2,000,000) was secured by a charge over freehold property B (Note 13). The loan carried interest at 0.5% plus 3 month Singapore Interbank Offered Rate ("SIBOR") in the first year, 0.6% plus 3 month SIBOR in the second year, 0.8% plus 3 month SIBOR in the third year and 1.0% plus 3 month SIBOR from the fourth year onwards.

As at 31 December 2019, the bank borrowings were fully repaid during the year.

31 RECONCILIATION OF FINANCING ACTIVITES

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

	Obligations under finance leases	Borrowing from financial institution	Total
	S$'000	S$'000	S$'000
1 January 2018	200	1,737	1,937
Financing cash flows	(119)	(427)	(546)
Finance costs recognised	8	32	40
31 December 2018	89	1,342	1,431
Financing cash flows	(91)	(1,353)	(1,444)
Finance costs recognised	2	11	13
31 December 2019	–	–	–

32 CAPITAL RISKS MANAGEMENT

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

The capital structure of the Group consists of debts, which includes bank borrowings as disclosed in Note 30, net of cash and cash equivalents and equity attributable to owners of the Group, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors considers the cost of capital and the risk associated with each of class of capital, and takes appropriate actions to adjust the Group's capital structure. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debts. The Group's overall strategy remains unchanged during both years.

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	31 December 2019 S$'000	31 December 2018 S$'000
Financial assets		
– Financial asset at FVTOCI	**150**	163
– Financial asset at amortised cost	**19,181**	21,211
Financial liabilities		
– Financial liabilities at amortised cost	**4,520**	5,758

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, pledged fixed deposits, amount due from ultimate holding company, trade payables and trade accruals, other payables and accrued expenses, and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There are no changes to the manner in which the Group manages and measures the risks.

(a) Market risk

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and variable rate of interest incurred on bank borrowings. The Group was also exposed to fair value interest rate risk in relation to fixed-rate finance leases as at 31 December 2018. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings and deposits so as to minimise the fair value and cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. The directors of the Company do not expect interest rate risk exposure to be significant and will continuously monitor and consider interest rate hedging should the need arise.

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(b) Currency risk management

At the end of the reporting period, the Group is exposed to foreign currency movements in the Hong Kong dollar. At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the company's functional currencies is as follows:

	Assets Year ended 31 December		Liabilities Year ended 31 December	
	2019 **S$'000**	2018 S$'000	**2019** **S$'000**	2018 S$'000
Hong Kong Dollar	**1,630**	2,114	**54**	21

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against HK$ would result in an increase/decrease in the Group's profit for the year of approximately S$158,000 for the year ended 31 December 2019 (2018: S$209,000). 10% is the sensitivity rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

(c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Included in financial assets as at 31 December 2019 as a component of bank balances and cash was S$46,000 (2018: S$1,994,000), partially placed in a bank in Hong Kong. The remaining bank deposits and balances are placed in six banks in Singapore. The directors of the Company assessed the credit risk on bank balances and cash is limited because the counterparties are banks and financial institutions which are regulated with high credit ratings.

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(c) Credit risk management *(continued)*

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% (2018: 91%) of the total financial assets as at 31 December 2019.

The Group is exposed to concentration of credit risk at 31 December 2019 on trade receivables from the Group's top five major customers accounted for 67% (2018: 67%) of the Group's total trade receivables. The major customers of the Group are certain reputable organisations.

In order to minimise credit risk, the directors of the Company have delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

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

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(c) Credit risk management *(continued)*

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Group						
31 December 2019						
Trade receivables	*17*	(i)	Lifetime ECL – simplified approach	2,951	–	2,951
Other receivables and deposits	*18*	Performing	12-month ECL	124	–	124
Contract assets	*19*	(i)	Lifetime ECL – simplified approach	3,489	(661)	2,828
Amount due from ultimate holding company	*20*	Performing	12-month ECL	8	–	8
Pledged fixed deposits	*21*	Performing	12-month ECL	210	–	210
Bank balances and cash	*21*	Performing	12-month ECL	15,888	–	15,888
					(661)	

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(c) Credit risk management *(continued)*

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Group						
31 December 2018						
Trade receivables	*17*	(i)	Lifetime ECL – simplified approach	2,550	–	2,550
Other receivables and deposits	*18*	Performing	12-month ECL	108	–	108
Contract assets	*19*	(i)	Lifetime ECL – simplified approach	10,579	–	10,579
Amount due from ultimate holding company	*20*	Performing	12-month ECL	5	–	5
Pledged fixed deposits	*21*	Performing	12-month ECL	209	–	209
Bank balances and cash	*21*	Performing	12-month ECL	18,339	–	18,339
					–	

(i) The Group has applied the lifetime ECL (simplified approach) in IFRS 9 for trade receivables and contract assets to measure the loss allowance respectively. The ECL on these assets are assessed individually for debtors with significant balances. Assessment are done based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Notes 17 and 19 include further details on the loss allowance for these assets respectively.

(d) Liquidity risk management

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

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(d) Liquidity risk management *(continued)*

Non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Weighted average interest rate %	On demand or within 3 months S$'000	Total 3 to 12 months S$'000	1 to 5 years S$'000	Over 5 years S$'000	undiscounted cash flows S$'000	Carrying amount S$'000
As at 31 December 2019							
Non-interest bearing							
Trade payables and trade accruals	**N.A.**	**1,843**	**–**	**–**	**–**	**1,843**	**1,843**
Other payables and accrued expenses	**N.A.**	**2,677**	**–**	**–**	**–**	**2,677**	**2,677**
Total		**4,520**	**–**	**–**	**–**	**4,520**	**4,520**
As at 31 December 2018							
Non-interest bearing							
Trade payables and trade accruals	N.A.	2,597	–	–	–	2,597	2,597
Other payables and accrued expenses	N.A.	1,730	–	–	–	1,730	1,730
Interest bearing instruments							
Obligations under finance leases	2.68	27	64	–	–	91	89
Bank borrowings	2.43	106	315	983	–	1,404	1,342
Total		4,460	379	983	–	5,822	5,758

Non-derivative financial assets

As at 31 December 2019 and 2018, all financial assets of the Group are repayable on demand or due within their operating cycle, and are non-interest bearing except for bank balances and pledged fixed deposits as disclosed in Note 21.

33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(e) Equity price risk management

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Further details of these equity investments can be found in Note 16.

The directors of the Company do not expect equity price risk exposure for these equity investments to be significant as at 31 December 2019 and 2018.

(f) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets that are measured at fair value on recurring basis

The following table gives information about how the fair value of the financial asset are determined (in particular, the valuation technique and inputs used).

Financial assets/ liabilities	Fair value as at Year ended 31 December 2019 S$'000	2018 S$'000	Fair value hierarchy	Valuation technique; and key input	Significant unobservable input
Financial asset at FVTOCI					
Listed equity shares	**150**	163	Level 1	Quoted bid prices in an active market	N/A

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

Other than the financial asset as specified above, the fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

34 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 31 December 2019 and 2018 are set out below:

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest		Held by the Company		Principal activities
			2019	2018	**2019**	2018	
SME International Holdings Limited	BVI	US$100	**100%**	100%	**100%**	100%	Investment holding
Sing Moh Electrical Engineering Pte Ltd	Singapore	S$1,500,000	**100%**	100%	**–**	–	Provision of installations of mechanical and electrical systems
Solis (BVI) Investments Limited	BVI	US$100	**100%**	100%	**100%**	100%	Investment holding
ALBA Group Limited	Hong Kong	HK$100	**100%**	100%	**–**	–	Investment holding
Hong Yi Construction Limited	Hong Kong	HK$100	**51%**	–	**–**	–	Investment holding

None of the subsidiaries had issued debt securities at the end of the year.

35 (LOSS) EARNINGS PER SHARE

	Year ended 31 December	
	2019	2018
(Loss) profit attributable to the owners of the Company (S$'000)	**(7,564)**	737
Weighted average number of shares in issue ('000)	**840,000**	840,000
Basic and diluted (loss) earnings per share (S$ cents)	**(0.90)**	0.09

The calculation of basic (loss) earnings per share is based on the (loss) profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

Diluted (loss) earnings per share is the same as the basic (loss) earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 31 December 2019 and 2018.

36 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

a) On 31 December 2019, the Company entered into a Sale and Purchase Agreement (the "SPA") with Mr. Zheng Mingqiang and MKD Group Holdings Limited pursuant to which the Company acquired 49% of the issued share capital of D.D. Resident Co., Ltd., a limited liability company incorporated in Thailand, at a consideration of HK$58,000,000.

There are precedent conditions set forth in the SPA to be fulfilled or waived, which are substantive in nature and had not been fulfilled or waived as at 31 December 2019, and as such, the acquisition has not complete as at year end. Those conditions were subsequently fulfilled or waived and the completion thereof took place on 16 January 2020.

On 21 January 2020, the Company has allotted and issued 75,600,000 consideration shares at the Issue Price of HK$0.60 per consideration share in satisfying part of the consideration amounting to HK$45,360,000. After the completion, the consideration shares represent approximately 8.26% of the total number of issued shares of the Company as enlarged by the allotment and issue of the consideration shares.

The financial performance and financial position of the acquired entity is not expected to have a material impact on the financial statements of the Group upon completion.

b) The Group will pay close attention to the development of the outbreak of the COVID-19 subsequent to the end of the reporting period and its related impact on the Group's businesses and financials. Based on the currently available information, the Group considers the event would not have a material impact to the Group's operation given that there is no major disruptions for on-going projects. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak, if any, on the Group's 2020 financial statements could be significantly different from the estimates disclosed above depending on how the situation evolves, and the Group will closely monitor in this regard. The financial statements of the Group for the financial period ended 31 December 2019 have not been adjusted for the financial effect as a result of the COVID-19 outbreak.

37 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 December 2019 S$'000	As at 31 December 2018 S$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in subsidiaries	*	*
Current assets		
Prepayments	42	12
Bank balances and cash	236	14,026
Amount due from ultimate holding company	8	3
Amount due from subsidiaries	23,652	10,403
	23,938	24,444
Current liabilities		
Other payables	173	152
Net current assets	23,765	24,292
Total assets less current liabilities, representing net assets	23,765	24,292

	As at 31 December 2019 S$'000	As at 31 December 2018 S$'000
EQUITY		
Capital and reserves		
Share capital	1,454	1,454
Reserves	22,311	22,838
Equity attributable to owners of the Company	23,765	24,292

* Amount less than S$1,000

37 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

A summary of the Company's reserves is as follows:

	Share premium	Accumulated deficit	Total
	S$'000	S$'000	S$'000
At 1 January 2018	**26,697**	**(3,560)**	**23,137**
Total comprehensive loss for the year:			
Loss for the year	–	(299)	(299)
At 31 December 2018	**26,697**	**(3,859)**	**22,838**
Total comprehensive loss for the year:			
Loss for the year	–	(527)	(527)
At 31 December 2019	**26,697**	**(4,386)**	**22,311**

Five Years Financial Summary

RESULTS	**Year ended 31 December 2019 S$'000**	Year ended 31 December 2018 S$'000	Year ended 31 December 2017 S$'000	Year ended 31 December 2016 S$'000	Year ended 31 December 2015 S$'000
Revenue	**19,900**	19,036	37,570	39,953	45,506
(Loss) profit before income tax	**(7,615)**	1,496	6,901	13,820	11,769
Income tax (credit) expenses	**(48)**	759	1,506	2,272	1,903
(Loss) profit attributable to the owners of the Company for the year	**(7,564)**	737	5,395	11,548	9,866
Total comprehensive (expense) income attributable to the owners of the Company for the year	**(8,320)**	3,101	5,915	10,620	9,409
ASSETS AND LIABILITIES					
Total assets	**52,558**	62,233	67,009	32,501	41,654
Total liabilities	**5,193**	6,545	14,422	10,980	20,753
Net assets	**47,365**	55,688	52,587	21,521	20,901
Equity attributable to owners of the Company for the year	**47,365**	55,688	52,587	21,521	20,901