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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1865

ANNUAL REPORT
2020

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Ms. Feng Jiamin

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Hwang Hau-zen Basil

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

COMPANY WEBSITE

www.pipeline-engineering-holdings.com

STOCK CODE

1865

FIVE YEARS FINANCIAL SUMMARY

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March				
	2020	2019	2018	2017	2016
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Revenue	**27,284**	30,211	23,419	28,408	29,502
Cost of sales	**(22,861)**	(22,435)	(16,021)	(22,690)	(22,491)
Gross profit	**4,423**	7,776	7,398	5,718	7,011
Profit before income tax	**1,853**	1,760	5,281	3,599	4,875
Profit and total comprehensive income for the year attributable to owners of the Company	**1,568**	684	4,498	3,250	4,021

ASSETS AND LIABILITIES

	Year ended 31 March				
	2020	2019	2018	2017	2016
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Total assets	**44,960**	49,846	29,230	28,354	29,745
Total liabilities	**7,770**	14,211	13,006	10,628	15,269
Total equity	**37,190**	35,635	16,224	17,726	14,476

Note 1: The summary above does not form part of the audited financial statements.

Note 2: The Group has adopted IFRS 16 retrospectively from 1 April 2019, but had not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously classified as operating leases under principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. After initial recognition of these assets and liabilities, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Our behalf of the board (the "**Board**") of directors (the "**Directors**") of Pipeline Engineering Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), it is my pleasure to present to the shareholders of the Company (the "**Shareholders**") the annual report of the Group for the year ended 31 March 2020 ("**FY2020**").

PERFORMANCE REVIEW

In FY2020, the Group recorded total revenue of approximately S$27.3 million, representing a decrease of approximately S$2.9 million from approximately S$30.2 million for the year ended 31 March 2019 ("**FY2019**"). The decrease in revenue was mainly due to completion of most of its major brought forward projects during the year. The overall gross profit decreased by approximately S$3.4 million from approximately S$7.8 million for FY2019 to approximately S$4.4 million for FY2020. Such decrease is mainly due to (i) the decrease in revenue, and (ii) certain projects incurred additional costs towards the completion stage or due to new work site safety requirement.

LOOKING AHEAD

Entering 2020, the outbreak and epidemic spread of the COVID-19 across the world had severe impacts on the global economy. In Singapore, the government had announced the implementation of circuit breaker from 7 April 2020 to 1 June 2020 and to be in compliance with the order, we had temporary close down our headquarters for the period mentioned above. This resulted in extensive disruption to the normal operations of the Group in Singapore. It is difficult to measure and quantify the impacts on the construction industry since the pandemic may persist for quite some time before it subsides.

Despite the challenging environment, the Group will continue to strive and use its best endeavor to adopt appropriate business strategies to smoothen the performance in this challenging environment.

APPRECIATION

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

Michael Shi Guan Wah
Chairman and Chief Executive Officer

Singapore, 30 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The infrastructural pipeline market in Singapore remained relatively stable for FY2020, with no material adverse change in the general economic and market conditions in Singapore or the industry in which the Group operated that had materially or adversely affected or would affect the business operations or financial condition.

BUSINESS REVIEW

The core business and revenue structure of the Group has remained unchanged for FY2020. The Group's operations are located in Singapore and its revenue and profit from operations are solely derived from pipeline infrastructural services rendered within Singapore. The Group is actively involved as a main contractor in both private and public sector projects which include institutional, industrial, commercial and residential projects. The revenue was principally derived from pipeline project works for (i) gas pipeline projects; (ii) water pipeline projects; and (iii) cable installation projects.

For FY2020, the Group recorded total revenue of approximately S$27.3 million, representing a decrease of approximately S$2.9 million from approximately S$30.2 million for FY2019. The decrease in revenue was mainly due to completion of twelve projects, with an aggregate contract sum of approximately S$66.9 million. During FY2020, the Group has been awarded three new gas projects, six new water projects and one new cable project with an aggregate contract sum of approximately S$21.7 million, most of which commenced in the second half of FY2020.

Business strategies of the Group remained unchanged for FY2020. Since the listing of the Company, the management has continuously consolidated and strengthened the reputation of the Group through submission of tender invitation to keep its presence in the market. Leveraging its listing status, the Group's core business continued to earn good reputation and provided the Group with sound track record for potential business opportunities. Subsequent to FY2020, the Group has secured new projects, together with the ongoing projects in hand, its revenue could be sustained for the next financial year.

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

ONGOING PROJECTS

As at 31 March 2020, the Group had six ongoing gas pipeline projects, seven water pipeline projects and one ongoing cable installation project with an aggregated contract sum of approximately S$48.2 million, of which approximately S$30.7 million has been recognised as revenue as at 31 March 2020 (FY2019: six gas pipeline projects, six water pipeline projects, three cable installation projects with an aggregate contract sum of S$69.9 million). The remaining balance will be recognised as the Group's revenue in subsequent periods in accordance with IFRS 15.

The management considered that all ongoing projects were on schedule and none of which is expected to cause the Group to indemnify the third parties and incur any contingent liabilities as at 31 March 2020.

Financial Review

Revenue

The following table sets out the breakdown of the Group's revenue, the number of projects/contracts performed and the percentage contribution to total revenue for FY2020 and FY2019.

	For the year ended 31 March					
	2020			2019		
	Number of projects/ contracts performed	**Revenue *(S$'000)***	**% of revenue *(%)***	Number of projects/ contracts performed	Revenue *(S$'000)*	% of revenue *(%)*
Gas pipeline	**11**	**21,414**	**78.5**	7	10,132	33.5
Water pipeline	**12**	**5,729**	**21.0**	6	13,793	45.7
Cable installation	**3**	**141**	**0.5**	7	6,286	20.8
Total	**26**	**27,284**	**100.0**	20	30,211	100.0

Revenue of the Group has decreased by approximately S$2.9 million from S$30.2 million in FY2019 to S$27.3 million in FY2020 due to the following:

(i) Increase in revenue from gas pipeline projects by approximately S$11.3 million;

(ii) Decrease in revenue from water pipeline projects by approximately S$8.1 million; and

(iii) Decrease in revenue from cable installation by approximately S$6.1 million.

The increase in revenue from the gas pipeline projects by approximately S$11.3 million is due to the following:

(i) Increase in revenue from projects relating to the supply and lay of gas mains and renewal services by approximately S$5.2 million;

(ii) Increase in revenue from other contracts relating to a gas transmission pipeline, in-line inspection and conversion of gas pressure networks by approximately S$4.2 million; and

(iii) Approximately S$1.9 million generated from two new gas projects for FY2020.

The decrease in revenue from the water pipeline projects by approximately S$8.1 million is due to the substantial completion of projects brought forward from previous years, where the revenue recognised amounted to approximately S$5.0 million (FY2019: approximately S$13.8 million), and partly offset by six new projects for FY2020 which generated approximately S$0.7 million.

The decrease in revenue relating to cable installation projects by approximately S$6.1 million is mainly attributable to the substantial completion of projects for (i) supply and installation of solar panels; and (ii) cable utility in the previous financial year.

Cost of Sales

Cost of sales of the Group increased by approximately S$426,000 or 1.9% from approximately S$22.4 million in FY2019 to approximately S$22.8 million for FY2020. The increase in cost of sales was mainly attributable to additional cost incurred on certain projects towards the completion stage or due to new work site safety requirement.

Gross Profits and Gross Profit Margins

The Group's total gross profits decreased by approximately S$3.4 million from approximately S$7.8 million in FY2019 to approximately S$4.4 million in FY2020. Gross profit margin decreased by approximately 9.5% from 25.7% in FY2019 to approximately 16.2% in FY2020. The decrease in gross profit margin is mainly due to (i) the decrease in revenue; and (ii) certain projects incurred additional costs towards the completion stage or due to new work site safety requirement.

Other Income

Other income increased by approximately S$103,000 from S$600,000 in FY2019 to S$703,000 in FY2020, mainly attributable to interest income earned from placement of short-term fixed deposit during FY2020, amounting to approximately S$174,000.

Other Gains/(Losses), net

Increase in other gain/(losses) is mainly attributable to foreign exchange gain contributed by cash and other balances denominated in Hong Kong dollars.

Administrative Expenses

The Group recorded administrative expenses amounting to approximately S$3.9 million (FY2019: approximately S$6.5 million). The decrease is mainly due to listing expenses incurred in FY2019 amounting to approximately S$3.8 million.

Income Tax Expense

The Group recorded a decrease of approximately S$0.8 million in income tax expenses, from approximately S$1.1 million for FY2019 to approximately S$0.3 million for FY2020. Higher tax is recognised for FY2019 due to higher taxable profit.

Profit and Total Comprehensive Income for the Year

Due to the above, profit and total comprehensive income for FY2020 increased by approximately S$0.9 million from S$0.7 million in FY2019 to S$1.6 million in FY2020.

Property, Plant and Equipment

Property, plant and equipment decreased by approximately S$1.1 million due to additions of approximately S$0.9 million, offset by depreciation of approximately S$2.0 million. The additions of property, plant and equipment include new machineries used for the Group's subsidiary's operations.

Trade and Other Receivables

The Group's trade and other receivables increased by approximately S$3.5 million from S$2.0 million as at 31 March 2019 to S$5.5 million as at 31 March 2020. The increase is mainly attributable to the increase in non-refundable deposit paid of approximately S$1.8 million, which is pertaining to the Group's purchase of new headquarter, and higher trade receivable balance as at 31 March 2020.

Contract Assets/(Liabilities)

Contract assets decreased by approximately S$3.2 million from S$17.2 million as at 31 March 2019 to S$14.0 million as at 31 March 2020, mainly attributable to higher amount of work orders certified, thus contributing to high amount of billing raised.

Contract liabilities decreased by approximately S$1.7 million from S$2.2 million as at 31 March 2019 to S$0.5 million as at 31 March 2020 is mainly attributable to substantial completion of certain projects which are in the stage of final claims.

Trade and Other Payables

Trade and other payables decreased by approximately S$1.9 million from S$5.9 million as at 31 March 2019 to S$4.0 million as at 31 March 2020 is mainly due to the settlement of listing expenses in FY2020 and the timing of suppliers' billings and settlements as at 31 March 2020.

Bank Borrowings

Bank borrowings decreased by approximately S$2.1 million from S$2.5 million as at 31 March 2019 to S$0.4 million as at 31 March 2020. The decrease is mainly attributable to the repayment of a short-term loan facility of S$2.0 million. For more details on bank borrowings, please refer to "Notes to the Consolidated Financial Statements" in this report.

Hire Purchase Liabilities

Hire purchase liabilities decreased by approximately S$0.6 million from S$1.5 million as at 31 March 2019 to S$0.9 million as at 31 March 2020 due to additions of machineries during the year of approximately S$0.7 million, and offset by repayments of approximately S$1.3 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its daily operations through a combination of internally-generated funds from operations, borrowings and net proceeds from the share offer in year 2019.

As at 31 March 2020, the Group maintained a healthy liquidity position with net current asset balance and net cash and bank deposits of approximately S$26.9 million (2019: S$26.9 million) and S$15.7 million (2019: S$19.9 million) respectively. The Group's gearing ratio (calculating by total interest-bearing debt over total equity) as at 31 March 2020 was 4.1%, decrease of 7.2% from 11.3% as at 31 March 2019. The decrease in gearing ratio was mainly due to the repayment of bank borrowings and hire purchase liabilities during FY2020.

The total interest-bearing borrowings, including lease liabilities, bank borrowings and hire purchase liabilities, was approximately S$1.5 million (FY2019: approximately S$4.0 million). The current ratio, being the ratio of current assets to current liabilities was approximately 5.3 times (FY2019: approximately 3.2 times).

CAPITAL STRUCTURE

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities, hire purchase liabilities and bank borrowings as set out in the "Notes to the Consolidated Financial Statements" on Notes 17 and 28 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, reserves and retained earnings.

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had a total of 282 employees. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

USE OF LISTING PROCEEDS

The total net proceeds raised from the share offer in 2019 (the "**Listing**") received by the Company (the "**Net Proceeds**"), after deducting related listing expenses, were approximately HK$90.2 million (approximately S$15.7 million). Please refer to the Prospectus for more details.

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of Net Proceeds as at 31 March 2020:

Use of net proceeds	Planned use of net proceeds *S$'000*	Utilised in FY2020 *S$'000*	Utilised from Listing up to 31 March 2020 *S$'000*	Total remaining net proceeds available as at 31 March 2020 *S$'000*	Expected timeline for utilizing the remaining proceeds *(Note 1)*
(a) Relocate to a new property to be acquired to be used as our new office, foreign worker dormitory and warehouse for our machinery *(Note 2)*	9,368	1,430	1,430	7,938	Before 15 July 2020
(b) Purchase two pipe jacking machines *(Note 3)*	4,896	–	–	4,896	Before 31 December 2021
(c) Working capital	1,428	1,428	1,428	–	N/A
	15,692	2,858	2,858	12,834	

The Net Proceeds were used and expected to be used according to the intentions previously disclosed in the Company's prospectus date 14 March 2019 (the "**Prospectus**"). As at the date of this report, there were no changes of business plan from that disclosed in the Prospectus.

Note 1: The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subjected to change based on current and future development of market conditions.

Note 2: As at 31 March 2020, the Group has identified a new property suitable to be new headquarters. Up to the date of this report, the Group is in the process of completing the purchase of the new headquarters. More details of the purchase can be found on the Company's announcement "Major Transaction — Acquisition of Property" dated 30 March 2020, circular "Major Transaction in Relation to Acquisition of a Property" dated 22 April 2020 and "Major Transaction — Acquisition of a Property — Extension of Completion Date" dated 27 May 2020.

Note 3: As at 31 March 2020, the Group has yet to acquire the pipe jacking machines as the Group has been tendering but not awarded with projects that require the use of certain models of pipe jacking machines as mentioned in the Prospectus. Furthermore, based on the current economic development, the available tenders, the ongoing and potential projects and the overall cost versus benefit, the proceeds in relation to purchase of two pipe jacking machines will be postponed and expected to be utilised before 31 December 2021. The Group will continue to actively participate in available tenders that require the use of the pipe jacking machines.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES AND JOINT VENTURES

During FY2020, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Exposure

As all of the operations are in Singapore, all of the revenue from customers of the Group derived from activities in Singapore.

The Net Proceeds received were denominated in Hong Kong dollars. Therefore, the foreign exchange risk assumed by the Group primarily arises from movements in the Hong Kong dollars and Singapore dollars exchange rates. During FY2020, the Group did not experience any significant difficulty or impact on its operations or liquidity due to fluctuations in currency exchange rates. Towards the end of FY2020, the Group converted majority of the remaining proceeds into Singapore dollars, as the Group is expecting to use the proceeds to complete the acquisition of the new property. The management will continue to monitor the foreign exchange exposure and take prudent measures to reduce foreign exchange risks.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus, maintained a healthy liquidity position throughout FY2020. The finance department of the Group is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the management and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENT HELD

During FY2020, the Group held no significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "Use of Listing Proceeds" in this report and as disclosed in the Prospectus, the Group did not have other future plans for material investments as at 31 March 2020.

CHARGES ON ASSETS

As at 31 March 2020, carrying amount of plant and machinery and motor vehicles held under hire purchase loan were S$2,790,000 (2019: S$2,435,000). The carrying amount of investment property mortgaged for bank borrowings was S$1,020,000 (FY2019: S$1,020,000).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Since April 2020, the Singapore Government issued a press release in relation to the "Circuit Breaker to Minimise Further Spread of COVID-19" which outlined enhanced safe distancing measures to reduce the risk of further local transmission of COVID-19. The measures include the closure of workplace premises. Other than essential services and their related supply chains, as well as entities that form a part of the global supply chain, business activities that cannot be conducted through telecommuting or other means from home shall be suspended (the "**Suspension**") from 7 April 2020 to 4 May 2020 (the "**Suspension Period**") (both dates inclusive) as a circuit breaker to curb further spread of COVID-19. Further into the latest development of COVID-19 epidemic in Singapore, on 21 April 2020, the Singapore Government announced the implementation of measures to further reduce the local transmission of COVID-19 in Singapore. These measures include the closure of more work premises and restriction of movement of workers residing in dormitories. Further, it was announced that the Suspension Period would be extended by another four weeks until 1 June 2020 (inclusive).

The Suspension has resulted in temporary closure of the Group's headquarters for the period between 7 April 2020 to 1 June 2020 (both dates inclusive) which led to extensive disruption to the normal operation of the Group in Singapore. Save for certain exceptions, the Group was not able to deploy its manpower to project jobsites due to the Suspension, and this will reduce the Group's income from construction contracts during the abovementioned period.

On 19 May 2020, the Singapore Government further issued a press release that Singapore would embark on a three-phased approach to resume activities safely, post-circuit breaker. The phase one of this approach which started from 2 June 2020, involves the safe re-opening of economic activities that do not pose high risk of transmission. Only selected services were allowed for resumption. After careful monitoring by the Singapore Government on the effects of increased activity in phase one for two weeks from 2 June 2020, it was ascertained that the community infection rates remain low and stable. Thus, the Singapore Government has allowed for phase two to commence starting 19 June 2020 whereby almost the entire economy would re-open, subject to safe management measures being in place. Lastly, phase three would be the reopening of the entire economy and activities for the whole of Singapore.

As of date of this report, Singapore is in the midst of phase two. The Group has been adopting precautionary and control measures to mitigate the impact of COVID-19 pandemic to the Group's operations, including but not limited to flexible work-from-home practices and procurement of supplies for pandemic prevention and control. Of all the Group's project works, only certain projects were allowed to resume, subject to the approval of various government bodies.

Consequently, the Group's financial result for the financial year ending 31 March 2021 may be affected. The extent of which could not be estimated as at the date of this report.

Apart from the above, the Group has also identified a new property suitable to be new headquarters. The Group is expecting to complete the acquisition of the new headquarter on 15 July 2020.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Michael Shi Guan Wah (徐源華先生), aged 58, is a co-founder of the Group and has been a director of HSC Pipeline Engineering since January 1993. He was appointed as a Director in July 2018 and re-designated as the chairman, chief executive officer and an executive Director in August 2018. He was further appointed as a member of the nomination committee of the Company on 26 February 2019. Mr. Michael Shi has been the Group's managing director since January 1993 and is responsible for leading the Group's business development and overseeing all aspects of the business, including corporate operations, project execution and financial performance.

Mr. Michael Shi has over 27 years of experience in the construction industry. He had attended secondary education in Singapore until October 1978, then he participated in his family business engaging in the building construction business, where he gained exposure to the construction industry. He also formed Jet Equipment, a partnership engaging in installation of industrial machinery and equipment and mechanical engineering works from July 1991 until August 1992.

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

Mr. Michael Shi Guan Wah is the elder brother of Mr. Shi Guan Lee and the father of Mr. Shi Hong Sheng, both of whom are the executive Directors of the Group.

Mr. Shi Guan Lee (徐源利先生), aged 55, is a co-founder of the Group and has been a director of HSC Pipeline Engineering since January 1993. He was appointed as a Director in July 2018 and re-designated as an executive Director in August 2018. Mr. Shi Guan Lee has been the Group's operations director since January 1993 and is responsible for overseeing the Group's operating performance and monitoring project planning and execution.

Mr. Shi Guan Lee has over 27 years of experience in the construction industry. He had attended secondary education in Singapore until October 1979, then he participated in his family business engaging in building construction business and in March 1990, he formed ABBA Electrical & Plumbing Works which was engaged in electric works, plumbing, non-electric heating and air-conditioning.

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

Mr. Shi Guan Lee is the younger brother of Mr. Michael Shi Guan Wah, the Chairman and executive Director, and the uncle of Mr. Shi Hong Sheng, an executive Director.

Mr. Shi Hong Sheng (Xu Hongsheng) (徐鴻勝先生), aged 33, was appointed as a Director in July 2018 and re-designated as an executive Director in August 2018. He was further appointed as a member of the remuneration committee on 26 February 2019. He has been a director of HSC Pipeline Engineering since April 2018. Mr. Shi Hong Sheng is responsible for overseeing the Group's operations and maintaining relationships with customers and suppliers.

Mr. Shi Hong Sheng has over 9 years of experience in the construction industry. Mr. Shi Hong Sheng obtained a degree of Bachelor of Engineering (Mechanical Engineering (Honours)) from the National University of Singapore in June 2011 and a Specialist Diploma in Construction Productivity at the Building and Construction Authority in November 2016. Mr. Shi Hong Sheng joined the Group as a project manager in April 2011. Between December 2017 and March 2018, he was also a director of Skye Marine Pte. Ltd., which was engaged in engineering design and consultancy activities.

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

Mr. Shi Hong Sheng is the son of Mr. Michael Shi Guan Wah, the Chairman and executive Director, and the nephew of Mr. Shi Guan Lee, an executive Director.

Non-Executive Director

Ms. Feng Jiamin (馮嘉敏女士) ("Ms. Feng"), aged 35, was appointed as a non-executive Director on 27 September 2019.

In 2008, Ms. Feng served as an assistant to chief operating officer for China Region of Pacific Asia Media, participated in the coordination for the organization of Fortune Forum (財富論壇) in China (e.g. Tianjin, Guangzhou), and assisted in the co-ordination and administration for the first World Mind Sports Games. She later worked as a representative in China Region for Global Strategy Group (環球策略集團) and engaged in the preparation of "Sino-Singapore Tianjin Eco-city" project. She was appointed as vice chairman of supply security and president of China Baosha Group in 2013, responsible for offshore supply platform project development. Later she served as chief operating officer of China Baosha Group and was involved in large-scale urban comprehensive development such as Jing Kai Meng Du in Zhengzhou, the coordination of Zhangjiakou super-large photovoltaic power generation project, and the planning for and operation of industrial parks, ecological parks, forestry and other forms of business. She has extensive experience in public relations and investor relations. From 20 August 2019, Ms. Feng is an executive director of China Agroforestry Low-Carbon Holdings Limited, a company listed on the Main Board of The Hong Kong Stock Exchange (Stock code: 1069).

Ms. Feng graduated from University of California, Irvine in 2010 with Master's degree in Business Administration.

Independent Non-Executive Directors

Mr. Cher Choong Kiak (徐俊傑先生) ("Mr. Cher"), aged 58, was appointed as an independent non-executive Director on 26 February 2019. He is currently the chairman of the remuneration committee and a member of the audit committee.

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

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

Mr. Cher joined the Singapore Community Emergency & Engagement Committee at Tanjong Pagar-Tiong Bahru division since April 1993, and was nominated as the Chairman since April 2014. For his continual services and contributions to the community, Mr. Cher was awarded the Public Service Medal by the President of the Republic of Singapore in August 2019.

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

Mr. Chiam Soon Chian (Zhan Shunquan) (詹舜全先生) ("Mr. Chiam"), aged 40, was appointed as an independent non-executive Director on 26 February 2019. He is currently the chairman of the audit committee and a member of the nomination committee and remuneration committee.

Mr. Chiam has over 15 years of experience in the banking and consulting industry. He started his career as an auditor with Ernst & Young LLP (Singapore) in July 2004 until December 2005, where his duties included the performance of audit fieldwork and the preparation of general audit working papers. He was then a senior consultant of Protiviti Pte Ltd, a company principally engaged in management consultancy activities, between December 2005 and February 2007, where he assisted clients to improve risk management by evaluating business process risks, providing consultancy and internal control services. He was a manager of KPMG Huazhen between February 2007 and October 2011, where he had advised on the design of risk and compliance framework. He worked at Bank of America N.A., Shanghai Branch between October 2011 and January 2014 where his last position held was assistant vice president in Global Technology and Operations; he was in charge of the business continuity management programme and handled queries from auditors and regulators. He worked at Deutsche Bank between February 2014 and April 2016; he started in Deutsche Bank (China) Co., Ltd. Shanghai Branch as the vice president of the head of regulatory reporting (finance) and was later transferred to Deutsche Bank AG, Hong Kong Branch. He was mainly responsible for managing finance and operational projects.

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

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

Mr. Choo Chih Chien Benjamin (朱志乾先生) ("Mr. Choo"), aged 43, was appointed as an independent non-executive Director on 26 February 2019. He is currently the chairman of the nomination committee and a member of the audit committee.

Mr. Choo has over 17 years of experience in legal practice, where he specialises in matters relating to mergers & acquisitions, joint ventures, corporate finance, competition-law related matters and advising on securities regulations. Mr. Choo practiced as an advocate and solicitor with TSMP Law Corporation between May 2005 and April 2012, where he last held the position as a director and was responsible for representing clients on a wide spectrum of transactions such as mergers and acquisitions (including public takeovers), equity capital market deals and general corporate transactions. Mr. Choo was a director at Edmond Pereira Law Corporation between April 2012 and February 2018, and he was in charge of the firm's corporate and transactional practice. Mr. Choo was a member of the Complaints and Disciplinary Panel constituted under the Singapore Accountants Act from June 2010 to May 2012. He has been a referee of the Small Claims Tribunal at the Subordinate Courts of Singapore since August 2010. He has also been a member of the Inquiry Panel constituted under the Singapore Legal Profession Act since August 2013.

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

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

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

Senior Management

Mr. Kong Mun Kai (孔文佳先生) ("Mr. Kong"), aged 37, is the senior project manager of the Group. Mr. Kong joined HSC Pipeline Engineering in December 2005 as the project manager and was promoted to senior project manager in July 2018. Mr. Kong is responsible for project management, planning and coordination of the Group.

Mr. Kong has over 14 years of experience in the construction industry. He obtained a degree of Bachelor of Engineering (Honours) with a major in civil engineering from the University of Southern Queensland Australia in March 2006.

Ms. Angeline Lim Lay Cheng (Lin Liqing) (林丽清女士) ("Ms. Angeline"), aged 41, is the project manager of the Group. Ms. Angeline joined HSC Pipeline Engineering in September 2001 as the assistant project engineer and was promoted to project manager in July 2015. Ms. Angeline is responsible for project management, planning and coordination of the Group.

Ms. Angeline has over 19 years of experience in the construction industry. She obtained a diploma of Mechatronics from the Nanyang Polytechnic in July 2001.

Mr. Lam Wei Shan (林伟山先生) ("Mr. Lam"), aged 29, is the finance manager of the Group. Mr. Lam joined HSC Pipeline Engineering in June 2018 as the finance manager. Mr. Lam is responsible for the accounting operations and reporting, taxation, financial planning and internal control of the Group.

Mr. Lam has over 7 years of experience in accounting and auditing. He obtained the professional qualification from and has been a member of Association of Chartered Certified Accountants, United Kingdom and the Institute of Singapore Chartered Accountants (CA), Singapore since September 2016 and March 2019.

The Board is pleased to present this report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for FY2020.

The Company was incorporated in the Cayman Islands with limited liability on 17 July 2018 and its shares were listed on the Main Board of the Stock Exchange on 27 March 2019.

PRINCIPAL PLACE OF BUSINESS

The head office and principal place of business of the Company in Singapore is located at 36 Sungei Kadut Avenue, Singapore 729661.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the provision of infrastructural pipeline construction and related engineering services mainly to private and public utilities companies in the gas, water, telecommunications and power industries in Singapore. The revenue was principally derived from project works for (i) gas pipeline projects; (ii) water pipeline projects; and (iii) cable installation projects. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 15 to the Consolidated Financial Statements.

RESULT/BUSINESS REVIEW

The result of the Group for FY2020 and financial position of the Group as at 31 March 2020 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" and "Consolidated Statement of Financial Position" on page 80 and 81 to 82 respectively in this annual report.

A review of the Group's business for FY2020, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" of this annual report. The review forms part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

The Group is principally engaged in the provision of construction services in Singapore and is thus subject to the rules and regulations implemented by the Energy Market Authority of Singapore and the Public Utilities Board, which regulate activities of contractors. The Company confirmed that save as disclosed below, the Group had obtained all the registrations and certifications required for its business and operations in Singapore, and had complied with the applicable laws and regulations in Singapore in all material respects during FY2020.

RELATIONSHIP WITH KEY PARTIES

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

Customers

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

During FY2020, revenue derived from the Group's top five customers accounted for approximately 96.3% (FY2019: 92.1%) of the total revenue.

Suppliers and subcontractors

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

Employees

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

The Group also places great importance in establishing a safe and healthy work environment for its employees. To ensure the quality of its services, the Group has established a set of Quality, Safety, Health and Environmental ("**QSHE**") policies and have committed to high safety standard and environmental impact control. The Group has been continuously accredited with safety certifications such as ISO 9001:2015, ISO 14001:2015, OHSAS 45001:2018 and bizSAFE STAR certifications for its building and construction services, a testament to the systems and procedures that the Group has in place to deliver high quality services and that conform to Singapore's EHS regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. Customer concentration risk

As at 31 March 2020, the Group's top five customers accounted for 96.3% of its total revenue (FY2019: 92.1%) and any significant decrease in projects secured from any one of them or any change in their creditworthiness may affect its business, operations and financial results. The Group has not entered into any long-term agreements with its top five customers. There is no assurance that these top five customers will continue to use its services at fees acceptable to the Group. If any of the Group's top five customers were to terminate their business relationship with it entirely, there can be no assurance that the Group would be engaged by other customers to replace any such loss. In addition, if any of the Group's customers fail to settle its invoice in accordance with the agreed credit terms, the Group's working capital position may be adversely affected. Bad debt provisions or write-offs may also be required for receivables, which will have an adverse effect on its profitability. If there is a change in its customers' creditworthiness, its results of operations would be materially and adversely affected.

2. Non-recurring nature of projects

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

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

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

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

SHARE CAPITAL

As at 31 March 2020, 920,000,000 shares of the Company were in issue. Details of the movement in share capital during FY2020 are set out in Note 25 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during FY2020 are set out in the Consolidated Statement of Changes in Equity on page 83 and Note 33 to the Consolidated Financial Statements respectively.

As at 31 March 2020, no distributable reserve was available for distribution to the owners of the Company (FY2019: Nil).

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for FY2020 (FY2019: Nil).

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

During FY2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during FY2020 are set out in Note 16 to the Consolidated Financial Statements.

CHARITABLE DONATIONS

During FY2020, charitable and other donations made by the Group amounted to approximately S$31,000 (FY2019: S$39,600).

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 the existing Shareholders.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company (as defined below), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during FY2020 or subsisted at the end of FY2020.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 34 to 46 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 18 September 2020 and the notice convening such meeting will be published and despatched to the Shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 September 2020 to 18 September 2020 (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 documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. Monday, 14 September 2020.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The percentages of purchases and sales for FY2020 attributable to the Group's major suppliers, subcontractors and customers are as follows:

Purchases

— the largest supplier	10.5%
— five largest suppliers in aggregate	17.1%

Subcontracting cost

— the largest subcontractor	3.7%
— five largest subcontractors in aggregate	10.4%

Revenue

— the largest customer	72.6%
— five largest customers in aggregate	96.3%

During FY2020, none of the Directors, their respective close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers or suppliers or subcontractors.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who held office during FY2020 were:

Executive Directors

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

Non-executive Director

Ms. Feng Jiamin (appointed on 27 September 2019)

Independent non-executive Directors

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

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

The non-executive Director was recommended and appointed to the Board for a term of one year commencing on 27 September 2019, which may be terminated by not less than one month notice in writing served by either party on the other.

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

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

Article 83(3) of Company's Articles of Association provides that 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.

Article 84 of Company's Articles of Association provides that one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM, provided that every Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer themselves for re-election.

In accordance with the above provisions of the Articles of Association, Mr. Shi Hong Sheng (Xu Hongsheng), Ms. Feng Jiamin, Mr. Chiam Soon Chian (Zhun Shunquan) and Mr. Choo Chih Chien Benjamin will retire at the forthcoming AGM and all of them, being eligible, will offer themselves for re-election at the forthcoming AGM.

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

CONFIRMATION ON INDEPENDENCE

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 13 to 18 of this annual report.

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

The change in information of the Directors since the date of the Group's 2019 annual report is set out below:

Ms. Feng Jiamin has been appointed as a non-executive Director with effect from 27 September 2019.

Save as disclosed above, during FY2020 and up to the date of this report, there was no change to information which is required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

EMOLUMENT POLICY

As at the date of this report, the Group had a total of 282 employees. The Group's emolument policy is in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

The emolument policy for the general staff of the group is set up by the management of the group on the basis of their merits, qualifications and competence.

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

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

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

PERMITTED INDEMNITY PROVISIONS

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

Such permitted indemnity provision (with the meaning in Section 469 of the Companies Ordinance) is currently in force and was in force during FY2020. In addition, the Company has taken out and maintained Directors' and officers' liability insurance during FY2020, which provides appropriate cover for the directors and officers of the Group.

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

Save for the service contract/letter of appointment with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of FY2020 or at any time during FY2020.

NON-COMPETITION UNDERTAKING

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

Saved as disclosed above, up to the date of this annual report, 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.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") has been conditionally adopted on 26 February 2019.

Purpose	To give the Eligible Persons (as defined below) 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 (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.
Eligible persons	The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of shares in accordance with the terms set out in the Share Option Scheme to: (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the "**Eligible Persons**").

Maximum number of shares available for issue	(a) The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of this report (such 10% limit representing 92,000,000 Shares). (b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's shares in issue from time to time.
Maximum entitlement of each Eligible Person	No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue.
Period within which the securities must be exercised under an Option	An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised.
Performance target or minimum period for which an Option must be held before it can be exercised	There is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.
Period for and consideration payable on acceptance of an Option	An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 21 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 per Option by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 21 days after the offer date (the "**Acceptance Date**"). Such remittance shall in no circumstances be refundable.

	Any offer of the grant of an Option may be accepted in respect of less than the number of shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.
Basis of determining the exercise price	The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a share; (b) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.
Remaining life	The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme.

Rights to Acquire Shares or Debentures

Apart from the aforesaid Share Option Schemes, at no time during FY2020 was the Company or any associated corporation a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, or had exercise any such rights in the Company or any other body corporate.

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

As at 31 March 2020, the interests or short positions of Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listings of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

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

	Interests in Ordinary shares						
Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Michael Shi Guan Wah *(Note 1)*	—	—	681,872,000	681,872,000	—	681,872,000	74.12%

Note 1: The entire issued share capital of Astute Prosper Limited ("**Astute Prosper**") was legally, beneficially and wholly owned by Mr. Michael Shi Guan Wah ("**Mr. Michael Shi**"). Accordingly, Mr. Michael Shi was deemed to be interested in 681,872,000 shares held by Astute Prosper by virtue of the SFO. Mr. Michael Shi is an executive Director of the Company.

(ii) Interest in Associated Corporation

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

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company had or was deemed to have 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) that was required to be 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 were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

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

As at 31 March 2020, the following persons/entities (not being Directors or chief executive of the 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 Substantial Shareholders	Capacity/Nature	No. of Shares held	% of the Company's issued voting shares
Astute Prosper	Beneficial owner	681,872,000	74.12%
Ms. Oh Lay Guat	Interest of spouse	681,872,000	74.12%

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

Save as disclosed above, as at 31 March 2020, the Company was not aware of any persons (not being Directors or chief executives of the Company) who had interest or short position in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RELATED PARTIES TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 31 to the Consolidated Financial Statements. The Directors consider that those related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. The Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During FY2020, the Company has certain exempted continuing connected transactions which are fully exempted and are not subject to the reporting, annual review, announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund scheme ("**CPF scheme**"), which is a defined contribution pension scheme in Singapore.

Pursuant to the Central Provident Fund Act, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for owners who have not been exempted from the relevant provisions of the Central Provident Fund Act).

CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which are dependent on, among others, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions from their wages when the contributions are paid for that month.

The CPF scheme is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as aforesaid, the Group did not participate in any other pension schemes during FY2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there was sufficient public float in the Company's issued shares as required under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by public.

AUDITOR

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

By order of the Board
Pipeline Engineering Holdings Limited

Michael Shi Guan Wah
Chairman and Chief Executive Officer

Singapore, 30 June 2020

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for FY2020.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieve and maintain high standards of corporate governance to safeguard the interests of the shareholders and to enhance its corporate value and accountability. The Directors recognize the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. The Company adopted all the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") in Appendix 14 of Listing Rules on the Stock Exchange as its own code on corporate governance practices.

During FY2020, the Company had complied with the code provisions in the CG Code with the exception of the code provision A.2.1, relating to the role of chairman and chief executive officer. Details of such deviation and explanation are set out on the section headed "Chairman and Chief Executive Officer" below.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. Set out below is detailed discussion of the corporate governance practices adopted and observed by the Company for FY2020.

THE BOARD

Responsibilities

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

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

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

Board Composition

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

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

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

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

During FY2020, the Board met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

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

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

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

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

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

Continuous Professional Development

During FY2020, the participation by each Director in the continuous professional development (the "**CPD**") was recorded as follows:

The executive Directors, Mr. Michael Shi Guan Wah, Mr. Shi Guan Lee, and Mr. Shi Hong Sheng (Xu Hongsheng), participated in CPD activities by ways of attending trainings and reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

The non-executive Director, Ms. Feng Jiamin, participated in CPD activities by ways of reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

The independent non-executive Directors, Mr. Cher Choong Kiak, Mr. Chiam Soon Chian (Zhan Shunquan) and Mr. Choo Chih Chien Benjamin, participated in CPD by way of reading materials which are relevant to the Company's business or to directors' duties and responsibilities.

Chairman and Chief Executive Officer

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

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from 27 March 2019 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

The non-executive Director was recommended and appointed to the Board for an initial term of one year commencing from 27 September 2019 and will continue thereafter until terminated by not less than one month's notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from 27 March 2019 and will continue thereafter until terminated by not less than three months' notice in writing by served by either party on the other, which notice shall not expire until after the fixed term.

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

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

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

Board Meetings and General Meetings

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

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

The Chairman also held a meeting with the independent non-executive Directors without presence of the executive Directors and non-executive Director during FY2020.

During FY2020, five board meetings and one general meeting were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attendance/ Eligible to attend Board Meeting(s)	Attendance/ Eligible to attend General Meeting(s)
Mr. Michael Shi Guan Wah	5/5	1/1
Mr. Shi Guan Lee	5/5	1/1
Mr. Shi Hong Sheng (Xu Hongsheng)	5/5	1/1
Ms. Feng Jiamin	2/3	N/A
Mr. Cher Choong Kiak	5/5	1/1
Mr. Chiam Soon Chian (Zhan Shunquan)	5/5	1/1
Mr. Choo Chih Chien Benjamin	5/5	1/1

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all the Directors and each of the Directors has confirmed that he has complied with the Model Code during FY2020.

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

Delegation by the Board

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

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

Corporate Governance Function

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

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

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

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

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

(v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

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

During FY2020, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEES

Nomination Committee

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

The principal duties of the Nomination Committee include the followings:

- to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;
- to identify individuals suitably qualified as potential Board members;
- to make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors; and
- to make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular the Chairman and the chief executive.

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

During FY2020, two meetings of the Nomination Committee were held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Choo Chih Chien Benjamin	2/2
Mr. Chiam Soon Chian (Zhan Shunquan)	2/2
Mr. Michael Shi Guan Wah	2/2

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

Nomination Policy

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

1. *Purpose*

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

2. *Selection Principle*

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

(1) The Company's development strategy needs;

(2) Reputation for integrity;

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

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

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

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

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

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

3. *Nomination Procedure*

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

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

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

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

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

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

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

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

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

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

4. Responsibility

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

5. Monitoring and Reviewing

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

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

Board Diversity Policy

The Company adopted the board diversity policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board has reviewed such measurable objectives on 30 June 2020 to ensure their appropriateness and ascertain the progress made towards.

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

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

Remuneration Committee

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

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

During FY2020, two meetings of the Remuneration Committee were held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Cher Choong Kiak	2/2
Mr. Shi Hong Sheng (Xu Hongsheng)	2/2
Mr. Chiam Soon Chian (Zhan Shunquan)	2/2

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

Details of the remuneration paid to the senior management of the Group by band, whose biographies are set out on page 18 of this annual report, for the year are set out below:

Remuneration band (S$'000)	Number of individuals
S$0 to S$100	1
S$101 to S$200	2

Audit Committee

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

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

During FY2020, two meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Chiam Soon Chian (Zhan Shunquan)	2/2
Mr. Cher Choong Kiak	2/2
Mr. Choo Chih Chien Benjamin	2/2

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

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 March 2020 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 74 to 79 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during FY2020.

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

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, during FY2020, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the 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 to access the latest information of the Group, unless such information falls within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors and senior management of the Group.

AUDITOR AND THEIR REMUNERATION

The report of the auditor of the Company about their reporting responsibilities on the Group's financial statements for FY2020 is set out in the section "Independent Auditor's Report" of this report. During FY2020, remuneration paid and payable to the auditor of the Group are approximately S$185,000 for annual audit fee and approximately S$5,000 for non-audit services related to tax consultation.

COMPANY SECRETARY

The Company has engaged Hauzen Services Limited, an external service provider, and Mr. Hwang Hau-zen Basil has been appointed as the Company's company secretary. Hauzen Services Limited's primary contact person at the Company is Mr. Lam Wei Shan, the finance manager of the Company.

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

SHAREHOLDERS' RIGHTS

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

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

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

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

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an 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.

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

Enquiries to the Board

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

For FY2020, there is no significant change in constitutional documents of the Company.

REPORTING SCOPE

Pipeline Engineering Holdings Limited ("**PEHL**" or the "**Group**") is pleased to present the Environmental, Social and Governance ("**ESG**") Report, which describes the initiatives of the Group with regard to ESG issues for the year ended 31 March 2020.

We have adopted the Environmental, Social and Governance Reporting Guide in Appendix 27 and those as set out in Hong Kong Exchanges and Clearing Limited ("**HKEX**")'s main board listing rule 13.91 for our inaugural ESG report for the financial year ended 31 March 2020. This report includes activities organised by the Group for the period from 1 April 2019 to 31 March 2020, and covers ESG factors of its core businesses in Singapore that are deemed material by the PEHL Board. We have not sought external assurance for this report.

BOARD STATEMENT

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

REPORTING PROCESS

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

In the Group's operations for pipeline project works, it does not have material consumption of natural resources and production of hazardous wastes. However, it is aware that it may inevitably produce non-hazardous waste and consume fuels. Therefore, the Group places highest priority on reduction of the non-hazardous wastes and limitation of oil consumption. In order to achieve our ESG goal, we have set up measures as described in "GHG Emissions" and "Waste Management", in this report. Currently, the Group is not aware of actual environmental risks on the Group's business, strategies and financial performance.

The Group will conduct Enterprise Risk Assessment at least once a year covering the current and potential risks faced by us in our business, including but not limited to the risks arising from the ESG aspect. Upon receipt of the Enterprise Risk Assessment report, the Board will assess and evaluate the identified risks and review the Group's existing strategy, target and internal control to implement necessary improvement to mitigate the risks. In order to manage the environmental-related risks and social sustainability risks, the Board adopts the measures against the risks identified during the Enterprise Risk Assessment to make sure that the stakeholders and the environment are better sheltered from any potential risks inherent to its business operations.

During the preparation process of this ESG report, the Group has conducted thorough review and evaluation on the existing Group's policies and practices.

STAKEHOLDER ENGAGEMENT

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

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

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and Key Performance Indicators ("KPIs")

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

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

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

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

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

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

The Group did not have significant violation of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes during FY2020, including but not limited to, "Environmental Protection and Management Act", "Environmental Public Health Act", and "Environmental Public Health (General Waste Collection) Regulations" that have a significant impact on us.

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

Air Emissions

Due to our business nature, the Group considers the relevant air emission generated is insignificant. However, we still pay attention to the relevant air emission generated at construction sites. We strive to mitigate the exhaust gas and dusts generated from our production process as much as possible. Hence, no such data is being presented.

Exhaust Gas Emission

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

Dust

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

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

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

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

The Group is not aware of any significant dusts issues that are being discharged in the course of its business and hence no such data are being presented in this report.

GHG Emissions

The principal GHG emissions of the Group are generated from the petrol and diesel consumption of vehicles (Scope 1) and purchased electricity (Scope 2).

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

— Switched off engine whenever the vehicle is idled;

— Purchased Euro VI Emission Petrol and Diesel Vehicles;

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

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

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

Through these GHG emissions mitigating measures, the employees' awareness on GHG emissions mitigation has been enhanced. In addition, with the measures being continuously practiced in the course of the Group's operations, the Group's overall consumption is effectively kept in control with no excessive usage. The purchase of Euro VI Emission Petrol and Diesel Vehicles ensures that our vehicles produce less emissions. Adhering to certification compliance and regular maintenance on our vehicles and machineries ensures the engine efficiency performance which increased the Group's operation efficiency.

The summary of GHG emissions performances:

Indicator	FY2020 Total emissions (calculated in tCO_2e)	FY2020 Intensity (tCO_2e/employee)[2]	FY2019 Total emissions (calculated in tCO_2e)	FY2019 Intensity (tCO_2e/employee)[2]
Direct GHG emissions (Scope 1) — Diesel and petrol consumption	1,887.82	6.69	1,764.91	5.84
Indirect GHG emissions (Scope 2) — Electricity consumption	—	—	—	—
Total GHG emissions (Scope 1 and Scope 2)	1,887.82	6.69	1,764.91	5.84

In line with the expansion of the Group's business, the Group acquired more machineries and motor vehicles which caused the increase in total GHG emissions from diesel and petrol consumption. The Group will strive to mitigate the direct GHG emissions following measures as mentioned under "GHG Emissions".

Notes:

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

2. As at 31 March 2020, the Group had 282 (31 March 2019: 302) full-time employees in total. The data is also used for calculating other intensity data.

Sewage Discharge

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

Waste Management

Hazardous Waste Handling Method

Although the Group did not generate material hazardous wastes during FY2020, we have established guidelines in governing the management and disposal of hazardous wastes. In case there is any hazardous wastes produced, chemical wastes are temporarily stored in dedicated location with appropriate hazard labels. We must engage a qualified chemical waste collector to handle such waste, which is in compliance with the relevant environmental regulations and rules.

The Group is not aware of any hazardous waste that is being discharged in the course of its business and hence no such data are being presented in this report.

Non-hazardous Waste Handling Method

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

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

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

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

— Used double sided printing or photocopying wherever possible;

— Utilised electronic media for communication;

— Digitalisation of site documents;

— Recycled one-sided printed paper; and

— Avoided single-use disposable items.

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

As a result, our staff's awareness on waste management have been raised through the measures above and the overall discharge and intensity for FY2020 have drecreased as compared to FY2019.

The summary of total non-hazardous wastes discharge performance:

	FY2020		**FY2019**	
Category of Waste	**Total discharge *(tonnes)***	**Intensity *(tonnes/ employee)***	**Total discharge *(tonnes)***	**Intensity *(tonnes/ employee)***
Scrap iron	52.09	0.1847	65.5	0.2170
Paper	0.95	0.0034	1.32	0.0043

A2. Use of Resources

General Disclosure and KPIs

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

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

Energy Efficiency

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

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

During FY2020, the Group has performed the following measures relating to promote energy efficiency:

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

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

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

During FY2020, the energy consumption of the Group and its intensity were as follows:

Type of energy	Energy Consumption (kWh)	Intensity (kWh/ employee)
Diesel(Note 1)	8,687,159.63	30,805.53
Petrol	—	—

Note 1: Conversion is in reference to the conversion provided on U.S. Energy information Administration Energy Conversion Calculators, actual diesel consumption was 816,729 litres.

Water Consumption

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

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

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

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

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

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

Through the water consumption mitigating measures, the employees' awareness on water conservation measures has been enhanced. In addition, with the measures being continuously practiced in the course of the Group's operation, the overall water consumption is effectively kept in control with no excessive usage or wastages. The measure of using recycled water ensures that the Group's usage of fresh water is reduced.

During FY2020, the water consumption of the Group and its intensity were as follows:

FY2020		FY2019	
Water Consumption (m^3)	Intensity (m^3/employee)	Water Consumption (m^3)	Intensity (m^3/employee)
18,091	64.15	13,811	45.73

In line with the expansion of the Group's business, the Group acquired more machineries and motor vehicles which caused the increase in water usage for sanitation. The Group will strive to mitigate the consumption of water through the measures as mentioned under "Water Consumption".

Use of Packaging Material

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

A3. The Environment and Natural Resources

General Disclosure and KPIs

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

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

Environmentally Friendly Construction Methods

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

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

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

Noise Control

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

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

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

B. SOCIAL

B1. Employment

General Disclosure

Human resources are the foundation for the Group's continuous development. Hence, we have established relevant employment policies to adopt people-oriented management strategy and realising the full potential of employees. Relevant employment policies are formally documented in our Employee Handbook, covering recruitment, promotion and remuneration, compensations and dismissal, working hours and rest periods, diversity, equal opportunities and anti-discrimination, etc. We review these policies and our employment practices periodically to ensure the continuous improvements of our employment standards. The Group did not note any cases of material non-compliance in relation to employment during the reporting period.

Recruitment and Remuneration

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

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

Remuneration packages include variable bonus, annual leave, outpatient medical consultation, and discretionary bonuses, etc.

Working Hours and Rest Periods

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

Diversity, Equal Opportunities and Anti-discrimination

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

B2. Health and Safety

General Disclosure

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

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

During FY2020, the Group was not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to "Workplace Safety and Health Act", that would have a significant impact on the Group.

Quality, Safety, Health and Environmental

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

Workplace Safety and Health ("WSH") Management Programmes

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

B3. Development and Training

Safety trainings and Inspections

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

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

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

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

OUR PEOPLE

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

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

Fair Employment Opportunities

The Group currently has a headcount of over 282 employees. We provide fair employment opportunities to all, regardless of age, gender, race or nationality. Our Group advocates a policy of harnessing diversity in human resource as evidenced by a fair distribution of employees from varied nationalities and age groups to support our key pipeline infrastructural markets in Singapore. We have 55 new hires in Singapore in FY2020 (FY2019: 162).

Number of Employees

Nationalities	**FY2020** ***Proportion (%)***	FY2019 *Proportion (%)*
Indian	**77.3**	79.6
Chinese	**0.4**	1.3
Bangladeshi	**0.4**	0.3
Singaporean	**10.6**	12.0
Malaysian	**7.4**	4.3
Burmese	**2.8**	1.7
Indonesian	**1.1**	0.4
Vietnamese	**–**	0.4
Total	**100.0**	100.0

We maintain a policy of employee diversity through providing employment opportunities to young and older workers beyond the official retirement age of 62. As at 31 March 2020, we have 5 senior staff of age 62 and above.

Age profile of employees	**FY2020 *Proportion (%)***	FY2019 *Proportion (%)*
30 years and below	**62.1**	60.2
31 to 50 years	**29.8**	31.1
51 to 61 years	**6.4**	7.4
62 years and above	**1.7**	1.3
Total	**100.0**	100.0

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

PMET classification for staff	**FY2020 *Proportion (%)***	FY2019 *Proportion (%)*
Senior Management	**1.8**	2.0
Middle Management (Managers & Professional)	**2.8**	2.0
Executive	**10.3**	14.7
Workers	**85.1**	81.3
Total	**100.0**	100.0

Years of service	**FY2020 *Proportion (%)***	FY2019 *Proportion (%)*
5 years and below	**77.7**	82.0
6 to 9 years	**11.7**	10.0
10 to 20 years	**7.8**	5.7
Above 20 years	**2.8**	2.3
Total	**100.0**	100.0

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

Employee turnover rate

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

	Employee Turnover Rate (ETR)(Note 1) FY2020 (%)	FY2019 (%)
By age group		
30 years and below	**16.1**	16.9
31 to 50 years	**10.6**	19.0
51 to 61 years	**3.1**	51.2
62 years and above	**1.0**	66.7
By gender		
Male	**28.4**	21.8
Female	**2.4**	13.8
Overall employee turnover rate	**30.8**	21.3

Note 1: ETR is calculated based on the total number of employees who resigned during the year divided by the average number of active employees at the beginning and ending of the year.

Training and Development

We are committed to invest in the training and further education of our employees. The Group provides on-the-job training to improve technical competence and work efficiency of its employees, including mentoring, coaching, job rotation, conferences and seminars. The summary of training hours invested by the Group are as follows:

Training and Development	FY2020	FY2019
Number of training hours by employee category		
Senior and middle management	**808**	170
Executives	**867**	298
Workers	**6,752**	9,443
Total	**8,427**	9,911
Average training hours per employee	**29.1**	32.8

TARGETS & PERFORMANCE

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

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

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

B4. Labour Standards

General Disclosure

Prevention of Child Labour and Forced Labour

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

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

During FY2020, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the "Employment Act" that would have a significant impact on the Group.

B5. Supply Chain Management

General Disclosure

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

Vendor Management Practices

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

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

Environmental and Social Responsibilities of Suppliers

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

Fair and Open Tendering

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

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

	FY2020		FY2019	
Country	**No. of suppliers**	**No. of sub-contractors**	No. of suppliers	No. of sub-contractors
Singapore	**112**	**11**	117	15
Malaysia	**1**	**1**	2	–
China	**–**	**–**	1	–

B6. Product Responsibility

General Disclosure

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

During FY2020, we were not aware of any incidents of non-compliance with laws and regulations, including but not limited to the "Personal Data Protection Act", that have a significant impact on the Group, concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Quality Control of Projects

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

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

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

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

Customer Privacy Protection

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

Customer Services

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

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

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

Advertising and Labelling

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

B7. Anti-corruption

General Disclosure

The Group has zero toleration on any corruptions, frauds and all other behaviours violating work ethics. We value and uphold integrity, honesty and fairness in the way we conduct businesses.

The Group has formulated related policies on the control and prevention of bribery, extortion, fraud and money laundering between shareholders and related parties in each business operation and trade activity.

During FY2020, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the "Prevention of Corruption Act".

Anti-corruption

As spelt out in our Employee Handbook, employees should declare potential conflict of interest to their Supervisor or Human Resources Department and abide by the Code of Ethics for our employees. Basic standards of expected conducts for all employees are clearly set out in the Anti-Fraud, Anti-Money Laundering Policy. The definition of "Fraud", "Money laundering", "Terrorism Financing" and "Employees" are clearly stated in the above policy. Such policy will be reviewed at least bi-annually and revised as needed. The Director is responsible for the administration, revision, interpretation and application of this policy.

Anti-fraud

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

Anti-money Laundering

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

Whistle-blowing Mechanism

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

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

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

B8. Community Investment

General Disclosure

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

Community Participation

We participate in various community activities to help the disadvantaged in the society via donations. During FY2020, the Group has donated a total of S$15,000 to Singapore Power Heartware Fund and S$15,000 to the SP Group Charity Golf.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect A1: Emissions	General Disclosure	Page 49
	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	
	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 50 and 51
	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.	Page 51
KPI A1.1 (“comply or explain”)	The types of emissions and respective emissions data.	Page 51
KPI A1.2 (“comply or explain”)	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 51
KPI A1.3 (“comply or explain”)	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable, as explained in Page 51
KPI A1.4 (“comply or explain”)	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 52
KPI A1.5 (“comply or explain”)	Description of measures to mitigate emissions and results achieved.	Page 51

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Pages 51 and 52
Aspect A2: Use of resources ("comply or explain")	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Page 53
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 54
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Page 54
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Page 53
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Page 54
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 54
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 55
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 55

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect B1: Employment	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 56
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 58 and 59
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Page 60
Aspect B2: Health and Safety	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to providing a safe working environment and protecting employees from occupational hazards.	Page 57
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 57

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	Page 60
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 60
Aspect B4: Labour Standards	General disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to preventing child and forced labour.	Page 63
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 63
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure	Page 63
	Policies on managing environmental and social risks of the supply chain	
KPI B5.1	Number of suppliers by geographical region	Page 64
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.	Page 63 and 64
Aspect B6: Product Responsibility	General Disclosure	Page 64
	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.	
KPI B6.1	Percentage of total supplies sold or shipped subject to recalls for safety and health reasons.	Not applicable as there is no such occurrence
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Not applicable as there is no such occurrence
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable as the Group had not registered any trademarks
KPI B6.4	Description of quality assurance process and recall procedures.	Page 64 and 65

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and reasons for omissions, if applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 65
Aspect B7: Anti-corruption	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer. Relating to bribery, extortion, fraud and money laundering.	Page 66
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not applicable as there is no such occurrence
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Page 67
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 67
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Page 67

Note:

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

What we have audited

The consolidated financial statements of Pipeline Engineering Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 80 to 140, which comprise:

the consolidated statement of financial position as at 31 March 2020;

the consolidated statement of profit or loss and other comprehensive income for the year then ended;

the consolidated statement of changes in equity for the year then ended;

the consolidated statement of cash flows for the year then ended; and

the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from construction contracts	
Refer to Note 2.20 for the Group's accounting policies on revenue recognition and Note 6 for the analysis of revenue of the Group for the year ended 31 March 2020. The Group's revenue from construction contracts is recognised over the period of the contract. For the year ended 31 March 2020, the revenue recognised from construction contracts amounted to S$27,284,000. The revenue was recognised using the 5-step approach under IFRS 15 by identifying the contract with customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations in the contract; and recognising revenue as the entity satisfies a performance obligation over time.	We performed the following procedures in relation to management's estimates of transaction price and contract costs in respect of the revenue recognition: a. We obtained an understanding of, evaluated and tested, on a sample basis, the relevant controls in place over preparation of and revisions to the estimated transaction price and total costs for the construction contracts and the recording of actual costs incurred for each contract; b. We selected, on a sample basis, construction contracts to test whether the management had made appropriate judgement in identifying the contract and performance obligations, and determining the transaction price considering the variable consideration; c. We selected, on a sample basis, construction contracts to assess the appropriateness of the significant cost components, based on our understanding on the nature of each project and the components that make up the total estimated construction cost for each project, referencing to actual costs incurred on completed contracts of a similar nature. We also checked supporting documents such as quotations and contracts with suppliers for the estimated cost;

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from construction contracts (Continued) At the inception of the contract, management determines the transaction price taking into account the variable consideration based on the contract terms. As the contract progresses, management regularly reviews and revises the estimates of transaction price and total contract costs if circumstances change, such as variations in contract work and claims. The changes in estimated transaction price and/ or total estimated contract costs result in adjustments to the extent of progress towards completion and revenue recognised in the period when the circumstances that give rise to the revision becomes known by management. We identified the recognition of revenue from construction contracts as a key audit matter as it involves significant estimations and judgement by management on the estimation of transaction price and total contract costs.	d. We tested the actual costs incurred, such as material and subcontractors costs, on a sample basis, to underlying documents, such as the suppliers' invoices and timesheet summary for labour costs, and also checked the calculation of allocation of overheads, such as labour costs and depreciation, to each contract. We also tested subsequent payments made after year end and unpaid invoices in respect of the projects to assess whether management appropriately accounted for the actual costs incurred up to year end. Based on our work, we found that the judgement and estimates adopted by management in determining the estimation of transaction price and total contract costs are supported by available evidence.

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 S$'000	2019 S$'000
Revenue from contracts with customers	6	27,284	30,211
Cost of sales	9	(22,861)	(22,435)
Gross profit		4,423	7,776
Other income	7	703	600
Other gains/(losses), net	8	654	(35)
Administrative expenses	9	(3,864)	(6,530)
Finance costs	11	(63)	(51)
Profit before income tax		1,853	1,760
Income tax expense	12	(285)	(1,076)
Profit and total comprehensive income for the year		1,568	684
Earnings per share for profit attributable to owners of the Company (expressed in Singapore cents per share)			
Basic and diluted	13	0.17	0.10

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 S$'000	2019 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	8,529	9,651
Right-of-use assets	17	268	—
Intangible asset	18	49	77
Investment properties	19	1,020	1,020
Deposit	21	1,854	—
		11,720	10,748
Current assets			
Trade and other receivables	21	3,596	1,989
Contract assets	22	13,925	17,166
Fixed deposit	23(b)	100	100
Cash and cash equivalents	23(a)	15,619	19,843
		33,240	39,098
Total assets		44,960	49,846
EQUITY AND LIABILITIES			
Equity			
Share capital	25	1,589	1,589
Share premium	26	17,138	17,138
Merger reserve	26	1,500	1,500
Retained profits	26	16,963	15,408
		37,190	35,635
Current liabilities			
Trade and other payables	27	4,026	5,943
Contract liabilities	22	447	2,196
Bank borrowings	28	861	3,194
Lease liabilities	17	268	—
Current income tax liabilities		692	909
		6,294	12,242

As at 31 March 2020

	Note	2020 S$'000	2019 S$'000
Non-current liabilities			
Deferred tax liabilities	*24*	**1,077**	1,144
Bank borrowings	*28*	**399**	825
		1,476	1,969
Total liabilities		**7,770**	14,211
Total equity and liabilities		**44,960**	49,846

The consolidated financial statements on pages 80 to 140 were approved by the Board of Directors on 30 June 2020 and were signed on its behalf.

Director

Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Note	Share capital S$'000 (Note 25)	Share premium S$'000 (Note 26)	Merger reserves S$'000 (Note 26)	Retained profits S$'000 (Note 26)	Total equity S$'000
As at 1 April 2018		1,500	—	—	14,724	16,224
Profit and total comprehensive income for the year		—	—	—	684	684
Transactions with owners in their capacity as owners:						
Elimination of share capital pursuant to the Reorganisation		(1,500)	—	1,500	—	—
Shares issued pursuant to the capitalisation		1,192	(1,192)	—	—	—
Shares issued pursuant to the Listing		397	21,449	—	—	21,846
Listing expenses charged to share premium		—	(3,119)	—	—	(3,119)
Transactions with owners, recognised directly in equity		89	17,138	1,500	—	18,727
As at 31 March 2019		1,589	17,138	1,500	15,408	35,635
As at 31 March 2019		1,589	17,138	1,500	15,408	35,635
Adoption of IFRS 16	2.2	—	—	—	(13)	(13)
As at 1 April 2019		1,589	17,138	1,500	15,395	35,622
Profit and total comprehensive income for the year		—	—	—	1,568	1,568
As at 31 March 2020		1,589	17,138	1,500	16,963	37,190

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 S$'000	2019 S$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	29(a)	411	(78)
Interest received		174	—
Income tax paid		(569)	(1,214)
Net cash generated from/(used in) operating activities		16	(1,292)
Cash flows from investing activities			
Additions of property, plant and equipment		(289)	(725)
Additions of intangible assets		(11)	(112)
Addition in fixed deposit		—	(100)
Proceeds from disposal of investment properties		—	2,455
Proceeds from disposal of property, plant and equipment		42	78
Net cash (used in)/generated from investing activities		(258)	1,596
Cash flows from financing activities			
Listing expenses directly attributable to issuance of shares		—	(2,737)
Proceeds from issuance of new shares		—	21,846
Repayment of obligation under hire purchase liabilities	29(b)	(1,316)	(820)
Drawdown of bank loan		—	2,000
Repayments of bank loan	29(b)	(2,101)	(99)
Principal elements of lease payments	29(b)	(502)	—
Repayment on amounts due to directors		—	(753)
Interest paid		(63)	(51)
Dividends paid		—	(6,000)
Net cash (used in)/generated from financing activities		(3,982)	13,386
Net (decrease)/increase in cash and cash equivalents		(4,224)	13,690
Cash and cash equivalents at beginning of the year		19,843	6,153
Cash and cash equivalents at end of the year	23(a)	15,619	19,843

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

1. General information

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

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

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

The consolidated financial statements have been approved by the Board of Directors on 30 June 2020.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) New standards, amendments to published standards, and interpretations effective in 2019

The following new standards, amendments to published standards, and interpretations are mandatory for the Group's financial year beginning on or after 1 April 2019 and have been adopted in preparation of the consolidated financial information.

IFRS 16	Leases
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IAS 19	Plan amendment, curtailment or settlement
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to IFRS Standards	Annual Improvements to IFRS Standards 2015–2017 Cycle
Interpretation 23	Uncertainty over Income Tax Treatments

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the reporting period ended 31 March 2019, as permitted under the specific transitional provisions in the standard. This is disclosed in Note 2.2.

Most of the other amendments and interpretations listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and amendment to existing standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Change in accounting policies

IFRS 16 Leases

As indicated in Note 2.1 above, the Group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 April 2019. The new accounting policies are disclosed in Note 2.22.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The lessee's annual incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.58%.

2. Summary of significant accounting policies (Continued)

2.2 Change in accounting policies (Continued)

IFRS 16 Leases (Continued)

(i) *Measurement of lease liabilities*

	S$'000
Operating lease commitments disclosed as at 31 March 2019	317
Discounted using the lessee's annual incremental borrowing rate at the date of initial application	309
Add: adjustments as a result of a different treatment of extension options	343
Lease liabilities recognised as at 1 April 2019	652
Of which are:	
Current lease liabilities	440
Non-current lease liabilities	212
	652

(ii) *Measurement of right-of-use assets*

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

The recognised right-of-use assets relate to the following types of assets:

	As at 1 April 2019 *S$'000*
Land	123
Buildings	516
	639

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

- right-of-use assets — increase by S$639,000
- lease liabilities — increase by S$652,000

The net impact on retained profits on 1 April 2019 was a decrease of approximately S$13,000.

2. Summary of significant accounting policies (Continued)

2.2 Change in accounting policies (Continued)

IFRS 16 Leases (Continued)

(ii) Measurement of right-of-use assets (Continued)

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 April 2019;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

2.3 Consolidation

Subsidiary

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

2. Summary of significant accounting policies (Continued)

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2. Summary of significant accounting policies (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies

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

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

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

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

2.7 Intangible assets

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

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to consolidated statement of profit or loss and other comprehensive income using the straight-line method over their estimated useful lives of 3 to 5 years.

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

2.8 Property, plant and equipment

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

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

2. Summary of significant accounting policies (Continued)

2.8 Property, plant and equipment (Continued)

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

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

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

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

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

2.9 Investment properties

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets

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

2.11 Financial assets

(a) Classification

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

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

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

The Group classifies its financial assets at amortised cost.

See Note 20 for details about categories of financial assets at amortised cost.

(b) Measurement

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

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(c) *Impairment*

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

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

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

(d) *Offsetting financial instruments*

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

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

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

2.13 Cash and cash equivalents

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

2. Summary of significant accounting policies (Continued)

2.14 Share capital

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

2.15 Trade and other payables

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

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

2.16 Borrowings

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

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

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

2.17 Borrowings costs

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

2. Summary of significant accounting policies (Continued)

2.18 Current and deferred income tax

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

(a) Current income tax

Current income tax for current and prior periods is recognised at the amount expected be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

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

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

(c) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

2. Summary of significant accounting policies (Continued)

2.19 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlements

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

2.20 Revenue recognition

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.20 Revenue recognition (Continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised with the 5-step approach under IFRS 15 are described below.

(a) Revenue from construction contract

Identifying the contracts with customer

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

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

Identifying the performance obligations in the contract

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

Determining the transaction price and allocating the transaction price to the performance obligations in the contract

When determining the transaction price at the inception of the contract, the Group takes into account the variable consideration based on the contract terms and considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that the there is no significant financing component in construction contracts as the payment schedule commensurates closely to Group's performance. Therefore, transaction price is not adjusted for any financing component.

2. Summary of significant accounting policies (Continued)

2.20 Revenue recognition (Continued)

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

Recognising revenue as the entity satisfies a performance obligation over time

Under IFRS 15, revenue is recognised when, or as, performance obligations are satisfied through transfer of control of goods or services to a customer. A performance obligation is satisfied over time when at least one of the following three criteria is met: (1) The customer receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (3) the Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group recognises the revenue over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

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

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

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

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

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.21 Earnings per share

(i) *Basic earnings per share*

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

(ii) *Diluted earnings per share*

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

2.22 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change is disclosed in Note 2.2.

The Group leases workers' dormitories and rents land from the Government. Rental contracts for dormitories are typically made for fixed periods of 1 year but may have extension options as described below, whereas rental contract for land are typically made for a fixed period of 9 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended 31 March 2019, leases of workers' dormitories and land were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. Summary of significant accounting policies (Continued)

2.22 Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Where the Group is lessor

Operating leases:

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 19). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2. Summary of significant accounting policies (Continued)

2.23 Dividend distribution

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

2.24 Government grants

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

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

2.25 Contingent liabilities

A contingent liability is:

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

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

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

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

Contingent liabilities are not recognised on the consolidated statement of financial position of the Group.

3. Financial risk management

3.1 Financial risk factors

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

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

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign currency risk

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

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

Sensitivity

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

	Impact on post tax profit	
	2020	2019
	S$'000	*S$'000*
S$ against HK$ strengthened by 2%	**(14)**	(297)
S$ against HK$ weakened by 2%	**14**	297

(ii) Interest rate risk

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

If interest rates on bank borrowings with variable rates had been 100 basis points fluctuated with all other variables held constant, the Group's post-tax profit for the year ended 31 March 2020 would have been affected by S$3,000 (2019: S$21,000).

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

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

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

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

For trade receivables and contract assets, the Group is exposed to concentration of credit risk as at 31 March 2020 from the Group's top five customers accounted for 96% (2019: 95%) of the total trade receivables balance, respectively. The major customers of the Group are reputable organisations which comprise mainly gas, water, telecommunications and power utility companies in the private sector; and Singapore government agencies such as those governing water utility and catchment in the public sector. Management considers that the credit risk is limited in this regard.

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

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2020 and 31 March 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it renders services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk*

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand S$'000	Less than 1 year S$'000	1–5 years S$'000	More than 5 years S$'000	Total S$'000
As at 31 March 2020					
Bank borrowings	—	885	406	—	1,291
Lease liabilities	—	270	—	—	270
Trade and other payables (excluding goods and services tax payables and employee benefit liabilities)	—	3,612	—	—	3,612
	—	4,767	406	—	5,173
As at 31 March 2019					
Bank borrowings	2,000	1,236	848	—	4,084
Trade and other payables (excluding goods and services tax payables and employee benefit liabilities)	—	5,113	—	—	5,113
	2,000	6,349	848	—	9,197

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Capital risk

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

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

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

The gearing ratios as at 31 March 2020 and 2019 were as follows:

	2020	2019
	S$'000	*S$'000*
Total borrowings and lease liabilities	**1,528**	4,019
Total equity	**37,190**	35,635
Gearing ratio	**4.1%**	11.3%

The gearing ratio decreased from 11.3% to 4.1% resulted from repayment of bank borrowings during the financial year.

A subsidiary of the Company has borrowing that is subject to covenant relating to a loan of a loan-to-value ratio below 80% and to maintain a consolidated net worth of not less than $10 million. The loan-to-borrowing ratio refers to the ratio of loan amount over the market value of an investment property. Net worth is defined as the sum of the subsidiary's paid-up capital and retained profits.

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

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(e) Fair value estimation

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

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

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

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

The fair value estimation process and technique of investment properties are disclosed in Note 19.

4. Critical accounting estimates and judgements

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

Revenue recognition from construction contracts

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

As the contract progresses, management regularly reviews and revises the estimates of transaction price and total contract costs if circumstances change, such as variations in contract work and claims. The changes in estimated transaction price and/ or total estimated contract costs result in adjustments to the extent of progress towards completion and revenue recognised in the period when the circumstances that give rise to the revision becomes known by management. Significant judgement is used to estimate total contract costs to complete. The actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

As at 31 March 2020, approximately $12,600,000 of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's revenue and contract assets would have been lower/higher by $1,400,000 and $1,600,000 respectively. If the total contract costs of on-going contracts to be incurred had been higher by 5% from management's estimates additional provision for onerous contract of $298,000 would have been recognised.

5. Segment information

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

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

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

5. Segment information (Continued)

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

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore and all the revenue are derived from external customers in Singapore for the years ended 31 March 2020 and 2019, respectively. Accordingly, no analysis by geographical basis for the financial year is presented.

For the years ended 31 March 2020, there were two customers (2019: three), respectively, which individually contributed over 10% of the Group's total revenue. During the years ended 31 March 2020 and 2019, the revenue contributed from each of these customers was as follows:

	2020	2019
	S$'000	*S$'000*
Customer A	**19,809**	10,132
Customer B	**3,089**	9,521
Customer C	**N/A**	4,672

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

6. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	2020	2019
	S$'000	*S$'000*
Revenue from construction contracts relating to:		
— Gas	**21,414**	10,132
— Water	**5,729**	13,793
— Cable	**141**	6,286
	27,284	30,211
Timing of revenue recognition:		
Over time	**27,284**	30,211

6. Revenue from contracts with customers (Continued)

(b) Assets and liabilities related to contracts with customers

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

	As at 31 March 2020 S$'000	As at 31 March 2019 S$'000	As at 1 April 2018 S$'000
Total contract assets	**13,925**	17,166	6,214
Total contract liabilities	**(447)**	(2,196)	(1,168)

Contract assets relate to fixed price specialised pipeline construction contracts. The contract assets balance decreased as there are lesser services provided ahead of the agreed payment schedules as at 31 March 2020.

Contract liabilities for specialized pipeline construction contracts have decreased due to the lower billing and prepayment for the contract activities.

(c) Unsatisfied performance obligations

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

	2020 S$'000	2019 S$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied:		
Within 1 year after financial year	**16,393**	24,582
Between 1 to 2 years after financial year	**1,140**	6,025
More than 2 years after financial year	**10**	602
	17,543	31,209

(d) Trade receivables from contracts with customers

	Note	As at 31 March 2020 S$'000	As at 31 March 2019 S$'000	As at 1 April 2018 S$'000
Trade receivables from contracts with customers	*21*	**2,949**	1,629	3,141

7. Other income

	2020 S$'000	2019 S$'000
Rental income	33	61
Interest income	174	—
Government grants	86	131
Insurance claims	34	21
Sundry income	—	100
Others	376	287
	703	600

8. Other gains/(losses), net

	2020 S$'000	2019 S$'000
Losses on disposal of property, plant and equipment	—	(16)
Write off of property, plant and equipment	—	(11)
Foreign exchange gains/(losses)	654	(8)
	654	(35)

9. Expenses by nature

	2020 S$'000	2019 S$'000
Material costs	5,660	6,276
Subcontractor costs	3,891	4,029
Transportation costs	429	560
Auditor's remuneration		
— Audit services	185	238
— Non-audit services	5	5
Entertainment expenses	38	23
Rental expenses	437	649
Depreciation of property, plant and equipment *(Note 16)*	2,027	1,913
Amortisation of intangible asset *(Note 18)*	39	35
Depreciation of right-of-use assets *(Note 17)*	489	—
Professional fees	426	165
Vehicle-related expenses	913	822
Repair and maintenance expenses	786	607
Employee benefit costs *(Note 10)*	10,185	8,247
Listing expenses	—	3,805
Other expenses	1,215	1,591
Total cost of sales and administrative expenses	26,725	28,965
Represented by:		
Cost of sales	22,861	22,435
Administrative expenses	3,864	6,530
	26,725	28,965

10. Employee benefit costs — including directors' emoluments

	2020 S$'000	2019 S$'000
Wages and salaries	9,829	7,913
Employer's contribution to defined contribution plans	356	334
	10,185	8,247

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

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

	2020 S$'000	2019 S$'000
Cost of sales	8,107	7,110
Administrative expenses	2,078	1,137
	10,185	8,247

(a) Benefits and interest of directors

(i) Directors' emoluments

The remuneration of every director for the years ended 31 March 2020 and 2019 are set out below:

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Employer's contribution to defined contribution plans S$'000	Discretionary bonuses S$'000	Total S$'000
For the year ended 31 March 2020					
Executive directors					
Mr. Michael Shi Guan Wah *(Chairman & CEO)*	—	252	13	150	415
Mr. Shi Guan Lee	—	211	13	75	299
Mr. Shi Hong Sheng	—	144	16	75	235
Non-executive directors					
Ms. Feng Jiamin *(Note (i))*	—	—	—	—	—
Independent non-executive directors					
Mr. Cher Choong Kiak	40	—	—	—	40
Mr. Chiam Soon Chian (Zhan Shunquan)	40	—	—	—	40
Mr. Choo Chih Chien Benjamin	40	—	—	—	40
	120	607	42	300	1,069

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

(a) Benefits and interest of directors (Continued)

(i) ***Directors' emoluments*** (Continued)

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Employer's contribution to defined contribution plans S$'000	Discretionary bonuses S$'000	Total S$'000
For the year ended 31 March 2019					
Executive directors					
Mr. Michael Shi Guan Wah *(Chairman & CEO)*	—	126	11	11	148
Mr. Shi Guan Lee	—	106	15	18	139
Mr. Shi Hong Sheng	—	71	14	12	97
Independent non-executive directors					
Mr. Cher Choong Kiak	3	—	—	—	3
Mr. Chiam Soon Chian (Zhan Shunquan)	3	—	—	—	3
Mr. Choo Chih Chien Benjamin	3	—	—	—	3
	9	303	40	41	393

Notes:

(i) Ms. Feng Jiamin were appointed as non-executive director of the Company on 27 September 2019.

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

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Company or Operating Subsidiaries and no directors waived or agreed to waive any emolument during each of the years ended 31 March 2020 and 31 March 2019.

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

(a) Benefits and interest of directors (Continued)

(ii) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 March 2020 (2019: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 March 2020 (2019: Nil).

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

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 March 2020 (2019: Nil).

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

Save as disclosed in Note 31(b), there were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 March 2020 (2019: Nil).

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

Save as disclosed in the Note 31(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2020 (2019: Nil).

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three directors respectively, whose emoluments were reflected in the analysis presented in Note 10(a) during the year ended 31 March 2020 (2019: three). The emoluments paid/payable to the remaining include two individuals (2019: two) are as follows:

	2020 ***S$'000***	2019 *S$'000*
Wages, salaries and allowances	**201**	230
Bonuses	**86**	32
Employer's contribution to defined contribution plans	**33**	30
	320	292

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument band		
HK$0 to HK$1,000,000	**2**	2

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

11. Finance costs

	2020 ***S$'000***	2019 *S$'000*
Hire purchase liabilities	**40**	37
Lease liabilities	**12**	—
Term loan	**11**	14
	63	51

12. Income tax expense

Tax has been provided at the applicable Singapore statutory corporate tax rate of 17% (2019: 17%) on the estimated assessable profit during the financial year. No overseas profit tax has been provided as the Company and certain subsidiaries are incorporated in the Cayman Islands and the British Virgin Islands (the "**BVI**") respectively and are exempted from tax (2019: Nil).

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

	2020	2019
	S$'000	*S$'000*
Tax expense attributable to profit is made up of:		
In respect of current financial year		
— Current income tax	**413**	734
— Deferred income tax *(Note 24)*	**(67)**	342
	346	1,076
Over provision in respect of prior financial year		
— Current income tax	**(61)**	—
	285	1,076

The tax on the profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

		2020	2019
	Note	***S$'000***	*S$'000*
Profit before tax		**1,853**	1,760
Tax calculated at rate of 17% (2019: 17%)		**315**	299
Tax effect of:			
— Expenses not deductible for tax purposes		**68**	824
Tax incentive	*(i)*	**(7)**	(11)
Partial tax exemption	*(ii)*	**(17)**	(26)
Tax rebate	*(iii)*	**—**	(10)
Others		**(13)**	—
Over provision in respect of prior financial year		**(61)**	—
Income tax expenses		**285**	1,076

12. Income tax expense (Continued)

Notes:

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

(ii) Partial tax exemption relates tax exemption of 75% on the first S$10,000 of normal chargeable income and a further 50% of tax exemption on the next S$190,000 of normal chargeable income during the financial year ended 2020 (2019: tax exemption of 75% on the first S$10,000 of normal chargeable income and a further 50% of tax exemption on the next S$290,000 of normal chargeable income).

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

13. Earnings per share

(a) Basic earnings per share

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

	2020 ***S$'000***	2019 *S$'000*
Profit attributable to owners of the Company *(S$'000)*	**1,568**	684
Weighted average number of ordinary shares in issue *(thousands)*	**920,000**	693,151
Basic earnings per share *(Singapore cents)*	**0.17**	0.10

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares for the year ended 31 March 2019 has been determined on the assumption that the reorganisation and capitalisation issue as described in Note 25 had been effective from 1 April 2018.

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue.

(b) Diluted

For the years ended 31 March 2020 and 2019, diluted earnings per share is the same as basic earnings per share as there was no potential dilutive ordinary shares.

14. Dividends

The directors have resolved not to declare any dividend for the year ended 31 March 2020 (2019: Nil).

15. Subsidiaries

Details of the subsidiaries of the Company as at 31 March 2020 and 31 March 2019 are as follows. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiaries	Place and date of incorporation	Particulars of issued share capital	Equity interest attributable to the Group		Principal activities
			2020	2019	
Directly held by the Company					
Integral Virtue Limited ("**IVL**")	BVI, 10 July 2018	1 share of US$1 each	100%	100%	Investment holding
Indirectly held by the Company					
HSC Pipeline Engineering Pte. Ltd.	Singapore, 13 January 1993	1,500,000 shares of S$1 each	100%	100%	Infrastructural pipeline construction and related engineering services

16. Property, plant and equipment

	Leasehold improvements S$'000	Leasehold property S$'000	Plant and machinery S$'000	Furniture and office equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost						
As at 1 April 2018	393	4,631	9,651	246	4,383	19,304
Additions	—	—	1,105	34	2,182	3,321
Written off	—	—	(15)	—	—	(15)
Disposals	—	—	—	(44)	(189)	(233)
As at 31 March 2019	393	4,631	10,741	236	6,376	22,377
Accumulated depreciation and impairment losses						
As at 1 April 2018	393	3,603	4,454	174	2,332	10,956
Depreciation for the year *(Note 9)*	—	515	922	33	443	1,913
Written off	—	—	(4)	—	—	(4)
Disposals	—	—	—	(44)	(95)	(139)
As at 31 March 2019	393	4,118	5,372	163	2,680	12,726
Net book value						
As at 31 March 2019	—	513	5,369	73	3,696	9,651
Cost						
As at 1 April 2019	393	4,631	10,741	236	6,376	22,377
Additions	—	—	646	25	276	947
Written off	—	—	—	(2)	—	(2)
Disposals	—	—	(26)	(23)	(185)	(234)
As at 31 March 2020	393	4,631	11,361	236	6,467	23,088
Accumulated depreciation and impairment losses						
As at 1 April 2019	393	4,118	5,372	163	2,680	12,726
Depreciation for the year *(Note 9)*	—	513	972	35	507	2,027
Written off	—	—	—	(2)	—	(2)
Disposals	—	—	(9)	(21)	(162)	(192)
As at 31 March 2020	393	4,631	6,335	175	3,025	14,559
Net book value						
As at 31 March 2020	—	—	5,026	61	3,442	8,529

16. Property, plant and equipment (Continued)

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

	2020 S$'000	2019 S$'000
Cost of sales	**1,469**	1,355
Administrative expenses	**558**	558
	2,027	1,913

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

	2020 S$'000	2019 S$'000
Plant and machinery	**330**	630
Motor vehicles	**328**	1,689
	658	2,319

The carrying amounts of plant and machinery and motor vehicles held under hire purchase are as follows:

	2020 S$'000	2019 S$'000
At net book value		
Plant and machinery	**995**	693
Motor vehicles	**1,795**	1,742
	2,790	2,435

17. Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 March 2020 S$'000	1 April 2019 S$'000
Right-of-use assets		
Leasehold land	46	123
Building	222	516
	268	639
Lease liabilities		
Current	268	440
Non-current	—	212
	268	652

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2020 S$'000
Depreciation charged of right-of-use assets	
Leasehold land	75
Building	414
	489
Interest expenses (included in finance cost)	12
Expenses relating to short-term leases (included in cost of sales and administrative expenses)	437

Additions to the right-of-use assets during the 2020 financial year were S$118,000.

The total cash outflow for leases in FY2020 was S$951,000.

17. Leases (Continued)

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

The Group leases workers' dormitories and land from the Government. Rental contracts for dormitories are typically made for fixed periods of 1 year but may have extension options as described below, whereas rental contract for land are typically made for a fixed period of 9 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(iv) Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

18. Intangible asset

Computer software

	S$'000
Cost	
As at 1 April 2018	—
Additions	112
As at 31 March 2019 and 1 April 2019	112
Additions	11
As at 31 March 2020	123
Accumulated amortisation	
As at 1 April 2018	—
Amortisation for the year *(Note 9)*	35
As at 31 March 2019 and 1 April 2019	35
Amortisation for the year *(Note 9)*	39
As at 31 March 2020	74
Net book value	
As at 31 March 2020	49
As at 31 March 2019	77

19. Investment properties

	2020 *S$'000*	2019 *S$'000*
At fair value		
Beginning of the year	**1,020**	3,475
Disposal of investment properties	**—**	(2,455)
At the end of the year	**1,020**	1,020

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

	2020 *S$'000*	2019 *S$'000*
Rental income	**33**	61
Direct operating expenses from investment properties that generated rental income	**(15)**	(28)

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

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

	2020 *S$'000*	2019 *S$'000*
Recurring fair value measurements:		
Investment property	**1,020**	1,020

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

Valuation processes

The Group's investment properties were valued at respective transfer dates and at 31 March 2020 and 2019 by Jones Lang LaSalle Property Consultants Pte Ltd, an independent and qualified professional valuer not connected to the Group. The valuer holds a recognised relevant professional qualification and has recent experience in valuing similar properties in similar locations and categories of the investment properties being valued.

19. Investment properties (Continued)

Valuation technique

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

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

Description	Fair value at 31 March 2020 *S$'000*	Valuation technique	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment property	**1,020**	Direct comparison approach	Unit rate	S$5,100 per square meter	The higher the unit rate, the higher the fair value

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

19. Investment properties (Continued)

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

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

The investment properties comprises:

Description	Area sq. meters	Tenure	2020 S$'000	2019 S$'000
Investment property	200	60-year from June 2011	1,020	1,020

Notes:

(a) Investment property with carrying value totalling S$1,020,000 as at 31 March 2020 (2019: S$1,020,000) is mortgaged for bank borrowings, disclosed in Note 28.

(b) The investment properties are leased to non-related parties under operating leases as at 31 March 2020 and 2019. Please refer to Note 30 for operating leases to non-related parties.

20. Financial instruments by category

	2020 S$'000	2019 S$'000
Financial assets		
Financial assets measured at amortised cost		
— Trade and other receivables (excluding prepayment and deferred expenses)	3,090	1,778
— Cash and cash equivalents and fixed deposits	15,719	19,943
	18,809	21,721
Financial liabilities		
Financial liabilities measured at amortised cost		
— Bank borrowings	1,260	4,019
— Trade and other payables	3,612	5,113
— Lease liabilities	268	—
	5,140	9,132

21. Trade and other receivables

	2020 S$'000	2019 S$'000
Current		
Trade receivables	**2,949**	1,629
Prepayments, deferred expenses, deposits, and other receivables		
Grant receivable	**190**	—
Prepayments	**146**	211
Deferred expenses	**170**	—
Deposits	**141**	149
	3,596	1,989
Non-current		
Non-refundable deposit for purchase of property	**1,854**	—
	5,450	1,989

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

	2020 S$'000	2019 S$'000
1 to 30 days	**2,712**	1,461
31 to 60 days	**1**	113
61 to 90 days	**236**	55
	2,949	1,629

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

Historically, the Group's loss arising credit risk relating to the customers are negligible as the Group's customers comprise mainly (i) gas, water, telecommunications and power utility companies in the private sector, and (ii) Singapore government agencies such as those governing water utility and catchment in the public sector, the expected credit loss rate for the Group's customers are 0% for the year ended 31 March 2020 and 2019 respectively and no impairment loss is recognised. The Group has assessed expected credit loss by grouping the receivables based on shared credit risk characteristics. Accordingly, the Group is of the view that the expected credit loss rate to be consistent throughout the financial year, by taking into consideration of the track record of regular repayment of receivables from the customers over time and also the outlook of economic environment from the perspective of each financial year. The Group assessed that there were no significant change in the actual credit loss rate over the financial year.

22. Contract assets/(liabilities)

	2020 S$'000	2019 S$'000
Comprising:		
Current		
Contract assets	**13,925**	17,166
Contract liabilities	**(447)**	(2,196)
	13,478	14,970

The contract assets primarily relate to the Group's conditional right to a consideration in exchange for a satisfied performance obligations at the reporting date in respect of construction contracts. The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

Movements in contract liabilities:

	2020 S$'000	2019 S$'000
At the beginning of the year	**2,196**	1,168
Billing to customers	**2,117**	8,426
Revenue recognised upon the provision of project works	**(3,866)**	(7,398)
At the end of the year	**447**	2,196

As at 31 March 2020, retention receivables amounted to S$242,000 (2019: S$558,000) are included in contract assets.

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

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

23. Cash and cash equivalents and fixed deposit

(a) Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2020 S$'000	2019 S$'000
Cash at banks	8,395	19,843
Short term deposits	7,224	—
	15,619	19,843

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

	2020 S$'000	2019 S$'000
SGD	14,589	573
USD	33	3
HKD	997	19,267
	15,619	19,843

(b) Fixed deposit

	2020 S$'000	2019 S$'000
Fixed deposit denominated in SGD	100	100

Fixed deposit at 31 March 2020 bear at an average rate of 0.42% per annum (2019: 0.60%) and is pledged to the banking facility of the subsidiary of the Group.

24. Deferred income tax

	2020 S$'000	2019 S$'000
Deferred income tax liability:		
— To be settled after one year	**1,077**	1,144

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

Accelerated tax depreciation

	2020 S$'000	2019 S$'000
Deferred income tax liabilities		
Beginning of the year	**1,144**	802
Charged to the consolidated statement of profit or loss and other comprehensive income *(Note 12)*	**(67)**	342
End of the year	**1,077**	1,144

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

25. Share capital

	No. of shares	Share capital HK$'000
Authorised share capital of the Company		
At the date of incorporation on 17 July 2018[(i)]	38,000,000	380
Increase on 26 February 2019[(iii)]	9,962,000,000	99,620
As at 31 March 2019	10,000,000,000	100,000
As at 31 March 2020	10,000,000,000	100,000

25. Share capital (Continued)

	No. of shares	Share capital S$'000
Issued and fully paid of the Company		
At the date of incorporation on 17 July 2018[(i)]	1	—*
Issue of shares pursuant to the Group Reorganisation[(ii)]	99	—*
Issue of shares under the capitalization issue[(iv)]	689,999,900	1,192
Issue of shares under the Share Offer[(v)]	230,000,000	397
As at 31 March 2019	920,000,000	1,589
As at 31 March 2020	920,000,000	1,589

* Less than S$1,000

Notes:

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

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

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

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

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

26. Reserves

	Share premium S$'000	Merger reserve S$'000	Retained profits S$'000	Total S$'000
Balance at 1 April 2018	—	—	14,724	14,724
Profit and total comprehensive income for the year	—	—	684	684
Transactions with owners, recognised directly in equity:				
Elimination of share capital pursuant to the Reorganisation	—	1,500	—	1,500
Shares issued pursuant to the capitalisation	(1,192)	—	—	(1,192)
Shares issued pursuant to the Listing	21,449	—	—	21,449
Listing expenses charged to share premium	(3,119)	—	—	(3,119)
Balance at 31 March 2019	17,138	1,500	15,408	34,046
Balance at 31 March 2019	**17,138**	**1,500**	**15,408**	**34,046**
Adoption of IFRS 16 (Note 2.2)	**—**	**—**	**(13)**	**(13)**
As at 1 April 2019	**17,138**	**1,500**	**15,395**	**34,033**
Profit and total comprehensive income for the year	**—**	**—**	**1,568**	**1,568**
Balance at 31 March 2020	**17,138**	**1,500**	**16,963**	**35,601**

27. Trade and other payables

	2020 S$'000	2019 S$'000
Trade payables	**3,055**	1,991
Other payables		
— Goods and services tax payables	**55**	74
— Advances received from customers	**6**	6
— Sundry creditors	**86**	2,017
Deferred income	**190**	—
Accrued expenses	**230**	317
Accrued for trade related costs	**241**	788
Accrual for employee benefit expenses	**163**	750
	4,026	5,943

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

	2020 S$'000	2019 S$'000
0 to 30 days	**1,498**	1,017
31 to 60 days	**907**	739
61 to 90 days	**343**	216
Over 90 days	**307**	19
	3,055	1,991

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

28. Bank borrowings

	2020 **S$'000**	2019 S$'000
Term loan (i)	**393**	2,494
Hire purchase liabilities (ii)	**867**	1,525
Total borrowings	**1,260**	4,019
Of which		
— Current liabilities	**861**	3,194
— Non-current liabilities	**399**	825
	1,260	4,019

(i) Term loan

At 31 March, the Group's term loan was repayable as follows:

	2020 **S$'000**	2019 S$'000
Bank borrowings		
Non-current, secured		
— Repayable later than 1 year and no later than 2 years	**112**	103
— Repayable later than 2 years and no later than 5 years	**182**	290
	294	393
Current, secured		
— Repayable on demand	**—**	2,000
— Repayable no later than 1 year	**99**	101
	393	2,494

The carrying amounts of the Group's term loan approximate their fair values and are denominated in Singapore dollar.

As at 31 March 2020 and 31 March 2019, the term loan is separately secured by investment property and corporate guarantee from the Company.

Interest is charged at fixed rate 2.25% and 2.58% (2019: 2.58% and 3.38%) per annum in the first two years. Subsequently, the interest rate will be charged at 6.5%, subject to a repriced monthly.

28. Bank borrowings (Continued)

(ii) Hire purchase liabilities

At 31 March, the Group's hire purchase liabilities were repayable as follows:

	2020 S$'000	2019 S$'000
— No later than 1 year	762	1,093
— Later than 1 year and no later than 2 years	105	432
	867	1,525

Effective interest rates on the hire purchase liabilities bears interest between 3.05% and 3.31% per annum during the years ended 31 March 2020 (2019: 2.59% and 6.14%).

29. Notes to consolidated statement of cash flows

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

	Note	2020 S$'000	2019 S$'000
Profit before income tax		1,853	1,760
Adjustments for:			
— Losses on disposal of property, plant and equipment	8	—	16
— Depreciation of property, plant and equipment	16	2,027	1,913
— Amortisation of intangible asset	18	39	35
— Depreciation of right-of-use assets	17	489	—
— Write-off of property, plant and equipment	8	—	11
— Interest income	7	(174)	—
— Finance costs	11	63	51
Operating profit before working capital changes		4,297	3,786
Changes in working capital:			
— Trade and other receivables		(3,461)	2,846
— Contracts asset/(liabilities), net		1,492	(9,924)
— Inventories		—	205
— Trade and other payables		(1,917)	3,009
Cash generated from/(used in) operations		411	(78)

29. Notes to consolidated statement of cash flows (Continued)

(b) Net debt reconciliation

	Liabilities from financing activities					
	Term loan	Hire purchase liabilities	Dividend payable	Lease liabilities	Amount due to directors	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 1 April 2018	593	26	6,000	—	753	7,372
Addition	2,000	2,319	—	—	—	4,319
Dividend paid	—	—	(6,000)	—	—	(6,000)
Principal payment	(99)	(820)	—	—	(753)	(1,672)
Interest paid	(14)	(37)	—	—	—	(51)
Interest expenses	14	37	—	—	—	51
As at 31 March 2019	2,494	1,525	—	—	—	4,019
Adoption of IFRS 16 *(Note 2.2)*	—	—	—	652	—	652
As at 1 April 2019	**2,494**	**1,525**	**—**	**652**	**—**	**4,671**
Addition	**—**	**658**	**—**	**118**	**—**	**776**
Principal payment	**(2,101)**	**(1,316)**	**—**	**(502)**	**—**	**(3,919)**
Interest paid	**(11)**	**(40)**	**—**	**(12)**	**—**	**(63)**
Interest expenses	**11**	**40**	**—**	**12**	**—**	**63**
Net debt as at 31 March 2020	**393**	**867**	**—**	**268**	**—**	**1,528**

30. Commitments

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

The Group leases out its investment property to non-related party under non-cancellable operating leases.

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

	2020	2019
	S$'000	*S$'000*
— Not later than 1 year	**14**	33
— Between 1 and 5 years	**—**	14
	14	47

30. Commitments (Continued)

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

The Group leases worker dormitories and land under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the consolidated statement of financial position date but not recognised as liabilities, are as follows:

	2019 *S$'000*
— Not later than 1 year	267
— Between 1 and 5 years	50
	317

As disclosed in Note 2.1, the Group has adopted IFRS 16 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the consolidated statement of financial position as at 31 March 2020, except for short-term leases.

(c) Capital commitments

Capital commitments contracted for at the consolidation statement of financial position date but not recognised in the financial statements, is as follows:

	2020 *S$'000*
Property, plant and equipment	12,870

31. Related party transactions

(a) Names and relationships with related parties

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

31. Related party transactions (Continued)

(a) Names and relationships with related parties (Continued)

The directors of the Company are of the view that the following parties/companies were related parties with nil/with transactions or balances with the Group during the years ended 31 March 2020 and 2019:

Name of related parties	Relationship with the Group
Bluetel Networks Pte. Ltd.	Common Director and Shareholder
Mishi Auto Pte. Ltd.	Common Director and Shareholder
A+ Officers Security Pte Ltd	Common Director and Shareholder

(b) Transactions with related parties

	2020 *S$'000*	2019 *S$'000*
Transactions		
Technical services fee charged by related party:		
— A+ Officers Security Pte Ltd	12	—

(c) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in Note 10(a) to the consolidated financial statements.

32. COVID-19 impact

Since the outbreak of COVID-19 pandemic in early 2020, a series of precautionary and control measures have been undertaken by the Singapore Government, including implementation of "Circuit Breaker" measure to mitigate transmission of COVID-19. This measure include the closure of workplace premises from 7 April 2020 to 1 June 2020 (both date inclusive), other than essential services and their related supply chains, as well as entities that form a part of the global supply chain, business activities that cannot be conducted through telecommuting or other means from home.

Save for certain exceptions, the Group was not able to deploy its manpower to project jobsites due to the Circuit Breaker measure. As a result, the Group's business and operations in Singapore were temporarily disrupted since April 2020, which is expected to result in a temporary drop in the operation level and the revenue of the Group during the aforementioned period as compared to that for the same period in 2019.

The Group has been adopting precautionary and control measures to mitigate the impact of COVID-19 pandemic to the Group's operations, including but not limited to flexible work-from-home practices and procurement of supplies for pandemic prevention and control.

In preparing these financial statements, the management of the Group has assessed its non-financial assets for indicator of impairment and financial asset for any credit loss provision based on the conditions at the consolidated statement of financial position date taking into account of the COVID-19 situation. Based on the result of the assessments carried out, there is no impairment charge and credit loss provision that need to be made for the year ended 31 March 2020.

33. Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	Note	2020 S$'000	2019 S$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**18,893**	18,893
Current assets			
Prepayment		**30**	—
Cash and cash equivalents		**6,034**	19,267
Amount due from a subsidiary		**8,931**	—
		14,995	19,267
Total assets		**33,888**	38,160
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*(a)*	**1,589**	1,589
Share premium	*(a)*	**17,138**	17,138
Capital reserves	*(a)*	**18,893**	18,893
Accumulated losses	*(a)*	**(3,934)**	(3,805)
		33,686	33,815
Current liabilities			
Other payables and accruals		**202**	1,740
Amount due to a subsidiary		**—**	2,605
		202	4,345
Total equity and liabilities		**33,888**	38,160

The statement of financial position of the Company was approved by the Board of Directors on 30 June 2020 and was signed on its behalf.

Director *Director*

33. Statement of financial position and reserve movement of the Company (Continued)

Note (a): Share capital and reserve movement of the Company

	Share capital S$'000	Share premium S$'000	Capital reserves S$'000	Accumulated losses S$'000	Total S$'000
Balances at 17 July 2018 (date of incorporation)	—	—	—	—	—
Total comprehensive loss					
Loss for the year	—	—	—	(3,805)	(3,805)
Transactions with owners in their capacity as owners:					
Issuance of shares pursuant to Reorganisation *(Note i)*	—	—	18,893	—	18,893
Issue of shares pursuant to the capitalization *(Note 25)*	1,192	(1,192)	—	—	—
Issue of share pursuant to the Listing *(Note 25)*	397	21,449	—	—	21,846
Listing expenses charged to share premium	—	(3,119)	—	—	(3,119)
Balance at 31 March 2019	1,589	17,138	18,893	(3,805)	33,815
As at 1 April 2019	1,589	17,138	18,893	(3,805)	33,815
Total comprehensive loss					
Loss for the year	—	—	—	(129)	(129)
Balance at 31 March 2020	1,589	17,138	18,893	(3,934)	33,686

Note i: The investment in a subsidiary was accounted for using the net asset value in February 2019. The difference between the net asset value and the nominal value of issued share capital for the acquisition of HSC Pipeline amounted to approximately S$18,893,000 was credited as capital reserve.

The Company was incorporated on 17 July 2018. As at 31 March 2020 and 2019, the Company has authorised share capital of HK$100,000,000, divided into 10,000,000,000 shares of HK$0.01 each.