Strengthening Relationships
for the Long Term

NTEGRATOR

2019 ANNUAL REPORT

OUR VISION

To be a Global,
World-Class Provider of
Information Technology
and
Telecommunications
Solutions,

Offering High-Tech
Network Infrastructure
and Voice Communication Systems

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ABOUT
NTEGRATOR

ESTABLISHED IN 2002

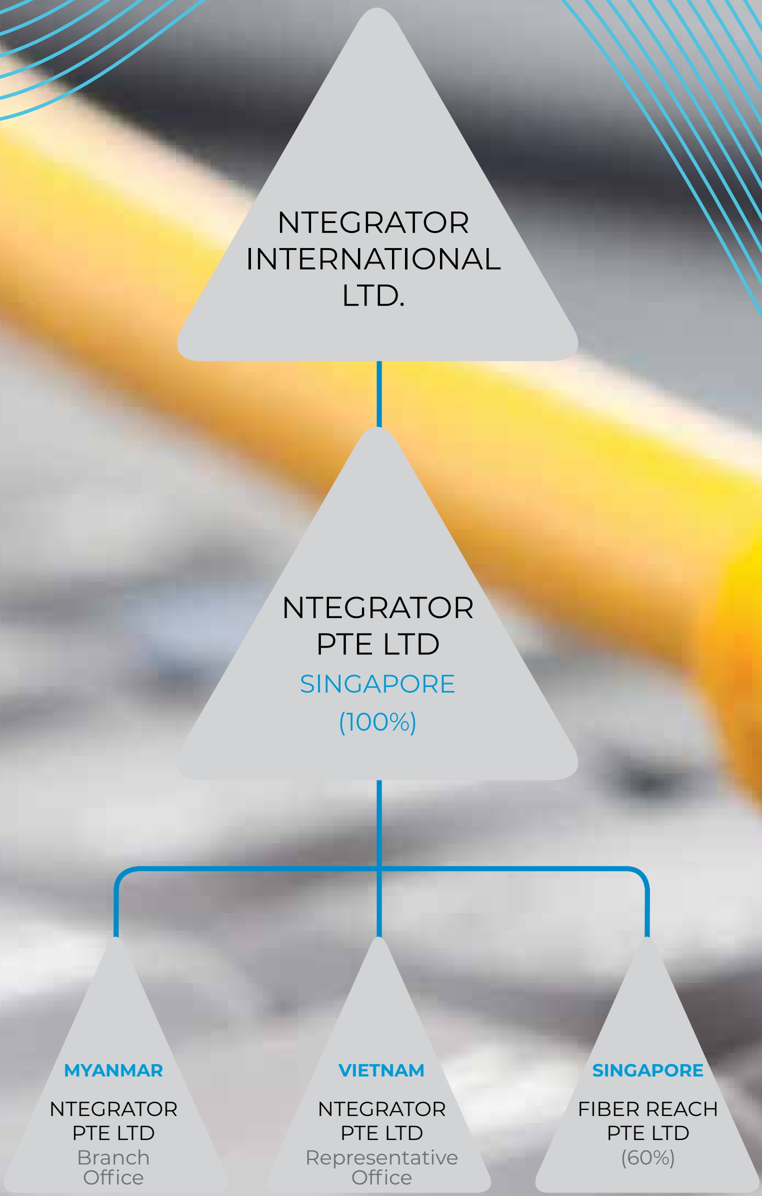
and listed on Catalist (formerly known as SESDAQ) in 2005, Ntegrator is today one of the leading players in the IT and telecommunications industry in the region.

Ntegrator specialises in design, installation and implementation of data, video, fiber optics, wireless and cellular network infrastructure, and voice communication systems. The Group also provides a wide range of other services such as outside plant services, including fiber cable installation and pipe laying, project management services as well as maintenance and support services.

With a proven track record, the Group considers companies such as Viettel (the largest Telco operator in Vietnam), Singtel, M1 and the Government of Myanmar as part of its well established customer base. In addition, the Group is supported by loyal key suppliers, including Alcatel Lucent and ECI Telecom – all leading players in their respective fields.

Headquartered in Singapore, Ntegrator operates regionally, covering Singapore, Vietnam and Myanmar. The Group has established a strong foothold in these markets and will continue to seek opportunities to expand geographically while growing its presence in existing markets.

GROUP STRUCTURE



Notes:

1. The Company filed for voluntary wind up of the Myanmar Subsidiary on 7 March 2019. This is pending finalisation with the authorities.
2. Myanmar branch office was established on 27 December 2019.

OUR BUSINESS

PROJECT SALES

Our Project Sales division consists of Network Infrastructure and Voice Communication Systems.

Network Infrastructure

We integrate network infrastructure which enables end-users to communicate electronically within an organisation or with another organisation, either within the same country or globally.

We provide end-to-end infrastructural business solutions, such as:

- Network integration services, from fixed-line, e.g. Optical DWDM, SDH, IPDSLAM and ADSL, to wireless solutions, e.g. Microwave, VSAT and WIMAX;
- Design, installation and implementation of data, video, fiber optics, wireless and cellular network infrastructure; and
- Customised solutions according to customers' needs.

Voice Communication Systems

We seamlessly integrate voice and data signals used in large organisations' telephone network, which include:

- PABX;
- Video conferencing systems;
- Voice messaging, recording or logging systems; and
- VoIP applications.

We also offer flexible and user-configurable systems for exact customisation to our customers' needs, ensuring the delivery of end-to-end enterprise business solutions.

PROJECT MANAGEMENT AND MAINTENANCE SERVICES

Our Project Management and Maintenance Services include the provision of installation and implementation services for our network infrastructure and voice communication systems.

We also offer onsite and online maintenance and support services. These services are supported by our 24-hour fault control hotline, hardware and software repair services, online CRM system services, 24-hour onsite support services and 24-hour remote dial-in services.

CHAIRMAN'S MESSAGE

Han Meng Siew
Executive Chairman

Dear Shareholders,

The financial year ended 31 December 2019 ("FY2019") was marked by escalating global trade tensions and depressed investor sentiments hit by a weakening global economy, which contributed to an already tough operating environment brought on by the preceding year.

In line with the subdued market conditions and business and risk appetites, orders from major customers were held back and placement of orders delayed. The lower spending from customers saw the Group recording revenue of S$30.2 million, slightly lower than last year's revenue of S$32.2 million. In addition, 5G network plans have been delayed in the short to medium term. As a result, the major telecommunications companies decelerated their capital expenditure investments as well. Correspondingly, the Group incurred a net loss of S$3.5 million, compared to a net loss of S$1.6 million in the previous corresponding period ("FY2018").

In late 2018, we had effectively resolved issues with the Group's supplier and the relationship with our customer in Vietnam has since been normalised. Total borrowings were reduced by S$8.3 million in FY2019, mainly due to the full collection of receivables from the customer. Considering the current market conditions, we are glad that our management team's focus on collection in FY2019 had yielded results. We fully recovered the debt that had resulted from the prolonged technical difficulties encountered previously.

Cash and cash equivalents stood at S$2.4 million as at 31 December 2019.

Strengthening Relationships For The Long Term

The Group expects the business climate to remain difficult in the coming financial year, exacerbated by the outbreak of COVID-19 at the beginning of 2020. The effect of the Coronavirus outbreak is likely to be widely felt as China is the world's second largest economy, alongside the virus having heavily impacted other economies outside of China as well. General business sentiments have been hit and major customers have staggered their operations into several teams, reducing overall efficiency and speed of operations.

We believe that the impact on the global economy will be temporary, and the markets will recover once the Coronavirus has been contained. In the meantime, the Group plans to retain its focus on its core business in Project Sales and strengthen the recurring revenue streams generated from the Project Management and Maintenance Services segment.

As at 31 December 2019, the Group's order book remained healthy at S$65.7 million, mostly from repeat customers in Singapore. We are expecting that most customers are likely to delay non-essential and non-urgent installations to reduce spending due to the Coronavirus outbreak. Given the continuing fluidity in the COVID-19 situation, organisations, companies and countries will continue implementing unprecedented measures as the situation changes and shifts. The upcoming financial year ending 31 December 2020 ("FY2020") will present a tough operating environment.

To tide over challenging times in 2020, the Group will maintain strict financial prudence. Part of our focus for the year will be in enhancing management of our cash flow and collection, to mitigate challenges arising from delayed payments by customers due to the business climate.

Good business relationships are extremely important for the Group. We will continue to strengthen these relationships and forge new ones, so as to grow our clientele base and order book.

Leveraging on our track record of operational and service excellence, as well as long-standing partnerships with our existing customers, we will continue to work hard at winning new contracts in our targeted markets of Singapore, Vietnam and Myanmar.

In Appreciation

I would like to extend my gratitude to our Board members, leadership team, employees and business associates for their commitment, contribution and support towards Ntegrator amid the tough operating environment. Last but not least, I would like to extend my gratitude to our loyal shareholders for their support in the Company.

We will continue to strive in building up Ntegrator's position as one of the leading players in the IT and telecommunications industry within the region, while remaining committed to grow over the long term.

Han Meng Siew
Executive Chairman
8 April 2020

OPERATIONS AND FINANCIAL REVIEW

The Group posted a revenue of S$30.2 million in FY2019, representing a decline of 6.0% or S$1.9 million from S$32.2 million in the previous corresponding year. The Group's revenue is contributed by its two business segments – Project Sales, which contributed 20.4% to the topline, and Project Management and Maintenance Services, which contributed the remaining 79.6%.

Revenue from the Project Sales segment decreased by 26.9% or S$2.3 million year-on-year, largely on the back of the delays in securing additional orders from customers in Singapore and Vietnam due to the US-China trade tension which eroded business confidence in the year. This was partially mitigated by a 1.5% improvement in revenue recorded from the Project Management and Maintenance Services segment to S$24.1 million in FY2019.

In late 2018, the Group had resolved the issue with its supplier, and the relationship with its customer in Vietnam has since improved and normalised. Current borrowings were reduced by S$8.3 million in FY2019, mainly due to the Group's focus in ensuring full collection of receivables from the customer. However, during this period, the Group had to extend its loan period which resulted in an additional S$0.5 million incurred for loan charges and expenses, thus affecting gross profit.

Gross profit decreased S$0.5 million year-on-year to S$6.5 million. For the Project Sales segment, gross profit fell marginally by 0.5% to S$1.3 million. However, on the back of the Group's efforts in securing more lucrative contract overseas, the gross profit margin saw an improvement from 15.7% in FY2018 to 21.3% in FY2019. Meanwhile, the Project Management and Maintenance Services witnessed gross profit declining 9.5% or S$0.5 million to S$5.2 million in FY2019, mainly due to a new project which commenced in the second half of the year that required additional manpower resources, thereby adding to the costs. Gross profit margin for this segment slipped in tandem from 21.8% to 21.4%.

Overall, the Group reported net loss attributable to equity holders of the Company of S$2.0 million, compared to S$0.9 million in FY2018.

As at 31 December 2019, cash and cash equivalents stood at S$2.4 million, compared to S$7.0 million as at 31 December 2018.

Testament to the Group's strong track record and long-standing relationships with key industry players in the region, it clinched a contract totalling S$58.6 million from a Singapore-based regional service provider, a repeat customer, in April 2019. The contract consists of installation of pipelines and manholes, installation, maintenance and diversion services for infrastructure cables, and the service provision and maintenance of business services across the eastern, western and central parts of Singapore.

Subsequent to the financial year end, in February 2020, the Group further secured a variation order for additional works to the ongoing project in April 2019 from the same customer. This latest contract totalling approximately S$6.6 million serves as a confirmation of the Group's excellent quality of service and great working relationship with current customers.

The contracts are expected to contribute positively to the Group's financial performance over the next two financial years, subject to timely completion of the projects and effective cost management. However, due to the outbreak of COVID-19 in the beginning of FY2020, overall business environment has been severely impacted. Most customers are likely to delay non-essential and non-urgent installations to reduce spending. Notwithstanding this, the Group's outstanding order book as at 31 December 2019 is S$65.7 million.

For FY2020, the Group will be focusing on managing cash flows and collection of outstanding receivables. To tide through the challenging business climate, the Group will also exercise stricter financial discipline, and continue to leverage on its excellent relationship with its customers.

HAN MENG SIEW
EXECUTIVE CHAIRMAN

Mr Han Meng Siew was first appointed Director on 15 July 2004 and subsequently appointed Chairman in March 2015. He was last re-elected to the Board on 26 April 2018. Mr Han brings with him over 30 years of experience in the telecommunications industry.

Mr Han started his career in the telecoms industry with Singapore Telecommunications Limited ("Singtel") in 1981. Thereafter in 1987, he moved to Teledata (Singapore) Ltd ("Teledata") serving as General Manager, and subsequently promoted to Managing Director. He was instrumental in the turnaround of Teledata, guiding it to its SGX-ST listing in 1994.

Mr Han holds a Bachelor of Engineering from the National University of Singapore and a Graduate Diploma in Business Administration from the Singapore Institute of Management.

BOARD OF DIRECTORS

JIMMY CHANG JOO WHUT
MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

Mr Jimmy Chang Joo Whut was appointed Director on 1 July 2002. He has been our Managing Director since the establishment of the Group in 2002, responsible for the day-to-day operations and overseeing the overall business, development and engineering support of our Group.

Mr Chang initially began his career in the telecommunications industry at Singtel in 1980. After a five-year stint at Wandel & Goltermann Ltd, Mr Chang joined Teledata in 1993, moving on to be an Executive Director cum General Manager of Plexus Technology Pte Ltd, a subsidiary of Teledata, in 1996.

Mr Chang has an Industrial Technician Certificate in Electrical Engineering from the Singapore Technical Institute and a Diploma in Telecommunications from City & Guild in London.

He also serves as a School Advisory Committee Member of Pierce Secondary School.

CHARLES GEORGE ST. JOHN REED
LEAD INDEPENDENT DIRECTOR

Mr Charles George St. John Reed was first appointed Independent Director on 16 June 2003 and was last re-elected to the Board on 29 April 2019. He was appointed the Lead Independent Director in March 2015.

Mr Reed joined PriceWaterhouseCoopers in its Management Consultancy division in London, United Kingdom, followed by PT Excelcomindo Pratama as General Manager where he was responsible for launching the 3rd national GSM telephone company in Indonesia.

Mr Reed has held senior management positions at British Telecom (Hong Kong) as Director of Programme Management, Telecom Venture Group (a Hong Kong based private equity fund), Personal Broadband Australia Pty Limited, Capena Ltd (BVI), DOCOMO interTouch Pte Ltd. (NTT DOCOMO's wholly-owned subsidiary) and was an audit committee member of Mobile Telecom Network (Holdings) Limited, listed on the Hong Kong Stock Exchange's Growth Enterprise Market.

Mr Reed currently also serves as the Chairman of the Board and Chief Executive Officer of the Royal Greyhound Group, a Business Process Outsourcing with operations in Singapore and Malaysia in industry verticals such as port operations, security, employment agency and consultancy.

Mr Reed holds a Bachelor of Science in Engineering Mathematics from Bristol University, United Kingdom.

LAI CHUN LOONG
INDEPENDENT DIRECTOR

Mr Lai Chun Loong was appointed Independent Director on 14 September 2005 and was last re-elected to the Board on 29 April 2019.

He started his career at the Chartered Industries of Singapore ("CIS") in 1968 and rose to the position of Managing Director in 1983, and was later appointed President of CIS in 1989. He moved to head Sembawang Industrial Pte Ltd as its Deputy Chairman and President in 1993.

Mr Lai was the founding and Executive Chairman of the Vietnam Singapore Industrial Park. He was awarded the Friendship Medal by the President of Vietnam in 2006 for his contributions in bringing Foreign Direct Investments to the country.

Mr Lai is currently also a Corporate Advisor to Temasek International Advisors Pte Ltd.

Mr Lai graduated with a Bachelor in Engineering (Mechanical) from the University of Auckland, New Zealand, under a Colombo Plan Scholarship in 1967, and holds an MBA from the University of California, Los Angeles. In addition, Mr Lai completed the Advanced Management Program at Harvard University in the Fall of 1987.

Mr Lai was awarded a Public Service Medal (PBM) in 1992.

LEE KEEN WHYE
INDEPENDENT DIRECTOR

Mr Lee Keen Whye was appointed as our Independent Director on 1 August 2008 and was last re-elected to the Board on 26 April 2017.

He is currently the Managing Director of Strategic Alliance Capital Pte Ltd ("SAC"), a venture capital and investment management advisory company. Having started his career in Investment Management with the Government of Singapore Investment Corporation, Mr Lee joined Kay Hian James Capel Pte Ltd in 1987 as Head of Research for Singapore and Malaysia, where he was subsequently promoted to Associate Director. Mr Lee was the founder and Managing Director of Rothschild Ventures Asia Pte Ltd, a member of the N M Rothschild & Sons global merchant banking group, from 1990 to 1997.

Mr Lee was an Independent Director of Vard Holdings Limited from 13 October 2010 to 31 December 2018.

Mr Lee currently also sits on the Board of Santak Holdings Ltd, an SGX-ST listed company.

Mr Lee holds a Master's degree in Business Administration from Harvard Business School and a Bachelor's degree in Business Administration from the University of Singapore.

KEY MANAGEMENT

KENNETH SW CHAN KIT
Financial Controller

KENNETH SW CHAN KIT
Financial Controller

As the Financial Controller, Mr Kenneth Sw Chan Kit is responsible for our Group's financial activities. Being one of the pioneer staff who joined Ntegrator since its inception in 2002, he has developed, built and implemented the region-wide financial framework, processes and procedures which support the Group's operations.

Mr Sw started his career with Matsushita Electronics (S) Pte Ltd and has, in the course of more than 30 years in the financial field, moved up to positions of higher responsibilities, both at HQ and regional-wide levels. He has held positions as Finance Manager and Chief Financial Officer in various organisations, including Sembawang Engineering Pte Ltd, Teledata, e-Cop Pte Ltd and Intrawave Pte Ltd.

Mr Sw is a Fellow of the Association of Chartered Certified Accountants and non-practising fellow member of the Institute of Singapore Chartered Accountants.

Vincent Vinu Edward
General Manager,
Network Infrastructure
(Singapore)

Vincent Vinu Edward
General Manager, Network Infrastructure (Singapore)

Another pioneer staff, Mr Vincent Vinu Edward currently oversees the sales and marketing activities of our Group's network infrastructure products and services in Singapore. Previously a Project Engineer with Sembawang Corporation Limited, Mr Edward joined Teledata in the same capacity. He was seconded to Plexus Technology Pte Ltd in 1999 as its Group Manager.

Mr Edward holds a Master of Science in System Design and Management from the National University of Singapore and a Bachelor's in Engineering (Honours) from Aberdeen University.

Raymond Chia Kok Hian
General Manager,
Network Infrastructure
(Regional)

Raymond Chia Kok Hian
General Manager, Network Infrastructure (Regional)

Mr Raymond Chia Kok Hian joined our Group in 2007 as the Project & Pre-sale Manager in charge of planning project schedules as well as preparing tenders for submission.

He was later appointed Managed Service Consultant in 2012 and oversaw the implementation of all phases of selected Managed Service projects by the Group. In 2014, Mr Chia was promoted to Sales Director for the Group's Myanmar market, where he oversaw the sourcing of premier buyers, as well as formulating sales plans to help our Group adapt to changes in the market.

Prior to joining Ntegrator, Mr Chia held various engineering positions in companies such as Zhone Technologies Inc., AT & T Paradyne, Teledata and Philip Singapore Pte Ltd.

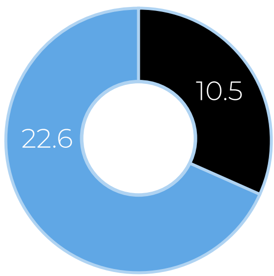
Mr Chia holds a Diploma in Electronic Engineering.

FINANCIAL HIGHLIGHTS

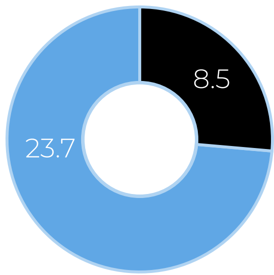
Revenue Breakdown by Activities

(S$ million)

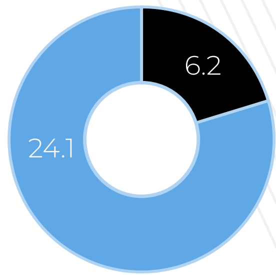
FY2017



FY2018



FY2019



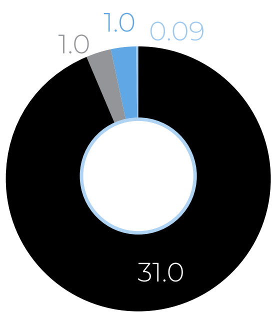
Project Sales

Project Management & Maintenance Services

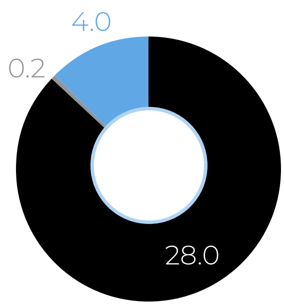
Revenue Breakdown by Geographical Markets

(S$ million)

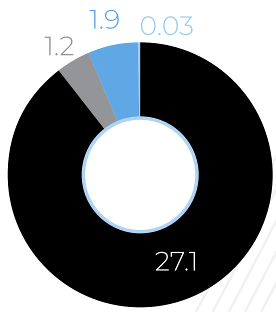
FY2017



FY2018



FY2019



Singapore

Vietnam

Myanmar

Others

Gross Profit & Net Loss

(S$ million)

	FY2017	FY2018	FY2019
Gross Profit	6.99	7.03	6.48
Net Loss	(2.04)	(1.58)	(3.51)

Loss Per Share

(cent per share)

	FY2017	FY2018	FY2019
Loss Per Share	(0.17)	(0.09)	(0.19)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Ntegrator International Ltd. (the "Company") is committed to maintaining a high standard of corporate governance. The Board and Management have taken steps to align the Company's governance framework with the 2018 Code of Corporate Governance (the "2018 Code").

This report describes the Company's corporate governance practices with specific reference to the principles and provisions of the 2018 Code, as required under Rule 710 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules").

The Board confirms that, as at the date of this report, the Company has complied with the principles and provisions of the 2018 Code. Where there are any deviations from the provisions of the 2018 Code, appropriate explanations have been provided in this report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Directors are expected to objectively discharge their fiduciary duties and responsibilities at all times in the best interests of the Company and ensure proper accountability within the Company (*Provision 1.1 of 2018 Code*).

The principal functions of the Board are (*Provision 1.1 of 2018 Code*):

a. providing entrepreneurial leadership, setting corporate objectives and approving the Group's key business strategies, human resources and financial objectives;
b. ensure that the necessary resources are in place for the Company to meet its strategic objectives;
c. approving the annual budget, major investments and divestments, and funding proposals;
d. overseeing the processes for evaluating the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology controls) and risk management systems annually;
e. setting appropriate tone-from-the-top and desired organisational culture;
f. setting the Company's values and standards, including ethical standards to ensure obligations to shareholders and other stakeholders are met including safeguarding of shareholders' interests and the Company's assets;
g. identify key stakeholder groups and recognize the importance of their perception on the Company's standing and reputation;
h. approving the nominations of Directors and appointments of Key Management Personnel[1];
i. approving financial statements, half year and full year results and relevant announcements;
j. working with management for the long-term success of the Company, reviewing management's performance and holding management accountable for performance;
k. assuming responsibility for corporate governance and compliance with the Companies Act and the rules and requirements of regulatory bodies; and
l. consider sustainability issues, e.g. environmental and social factors as part of the Group's strategic foundation.

In a conflict of interest situation, a Director recuses/abstains himself from discussions and decisions involving the matter/issue of conflict (*Provision 1.1 of 2018 Code*).

The Board has adopted internal guidelines on matters reserved for the Board's approval including, the following material transactions, which have been clearly communicated to management in writing (*Provision 1.3 of 2018 Code*) –

- strategies and objectives of the Group;
- investment and divestment;
- funding and major capital investment;
- acceptance of term loans and lines of credit from banks and financial institutions;
- announcement of half-year and full-year results;
- Chairman's statement, corporate governance report and issue of Annual Report;
- issuance of shares; and
- proposal of/declaration of dividends.

[1] Key Management Personnel means the CEO/MD and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

BOARD MATTERS (continued)

Principle 1: The Board's Conduct of Affairs (continued)

To assist the Board in discharging its duties, the Board delegates specific functions to its Board Committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each Board Committee operates within its own Terms of Reference which set out in writing the composition, duties, authority and responsibilities of each committee. The terms of reference of these 3 Board Committees have been amended during the financial year under review, to be in line with the Catalist Rules of the SGX-ST, 2018 Code and regulations which are applicable to the Company. Board Committees remain accountable to the Board (*Provision 1.4 of 2018 Code*).

The Board conducts regular scheduled meetings during the year. When required, ad-hoc meetings are conducted to address significant issues or approve major transactions.

The Company's Articles of Association allow Board meetings to be conducted by way of telephone conferencing or any other electronic means of communications. When a physical meeting is not possible, timely communication with the Directors is achieved through electronic means and circulation of written resolutions for approval.

The attendance of the Directors at meetings of the Board and Board Committees and general meeting, as well as the frequency of such meetings in the Financial Year 2019 ("FY2019") are summarised in the table below (*Provisions 1.5 and 11.3 of 2018 Code*):

Directors	Board Meetings	AC Meetings	RC Meeting	NC Meeting	Annual General Meeting
Han Meng Siew	2	2*	1*	1*	1
Chang Joo Whut	2	2*	1*	1*	1
Charles George St. John Reed	2	2	1	1	1
Lai Chun Loong	2	2	1	1	1
Lee Keen Whye	2	2	1	1	-
No. of Meetings Held in FY2019	**2**	**2**	**1**	**1**	**1**

* Attendance of Director (who was non-member) by invitation of the Board Committee.

The Directors are familiar with the Group's business and governance practices and have been briefed on their duties and responsibilities as Directors of a listed company. In addition, Directors are regularly briefed on changes to Accounting Standards, Companies Act, Listing Rules and Corporate Governance rules/regulations by the External Auditor, Company Secretary and Sponsor (*Provision 1.2 of 2018 Code*).

To keep abreast with latest developments in corporate, financial, accounting, legal, industry-specific knowledge and other compliance requirements, Directors (including first time directors) are also, encouraged to attend training courses/seminars funded by the Company (*Provision 1.2 of 2018 Code*).

In October 2019, Mr Charles Reed attended the Listed Entity Director Essentials course organised by the Singapore Institute of Directors. The seminar covered the following areas (*Provision 1.2 of 2018 Code*) –

- Legal and regulatory duties and responsibilities of directors in Singapore listed entities.
- Continuing obligations applicable to listed companies in Singapore, from the perspective of the board and individual director.
- Compliance and governance requirements of the Code of Corporate Governance, including establishing board committees.

New Directors, when appointed to the Board, would be briefed on the Group's business activities and its strategic directions as well as statutory and other duties, responsibilities and obligations as a Director (*Provisions 1.2 and 4.5 of 2018 Code*). Formal letters are issued upon appointment, to further explain their duties and obligations. There was no appointment of new Director in 2019.

BOARD MATTERS (continued)

Principle 1: The Board's Conduct of Affairs (continued)

The Board is accountable to shareholders while management is accountable to the Board. Management presents to the Board half-year and full-year financial statements and such other reports, prior to meetings and as and when required. As the Group's business is based on projects and contracts, Management provides the Board with regular updates and status of such projects/contracts either verbally, in writing or, at meetings (*Provision 1.6 of 2018 Code*).

Reports on the Company's performance and business activities and appropriate detailed management accounts together with explanation and information are provided to every Board member in a timely manner and, as and when required by the Board, to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects. Such information includes background information, copies of disclosure documents, management reports, budgets, forecasts, financial statements, variance analysis and related documents in respect of matters brought before the Board for discussion. In respect of the budget, any material variances between projections and results will be disclosed and explained (*Provision 1.6 of 2018 Code*).

To keep the Board abreast with the Group's business, the Executive Chairman meets with the Independent Directors regularly to keep them updated and apprised of Group strategies, on-going projects, business environment and related developments that may impact the Group (*Provision 1.6 of 2018 Code*).

All Directors have direct and independent access to Senior Management and to the Company Secretary and are entitled to request from Management and be provided with such additional information as needed to make informed decisions, in a timely manner (*Provisions 1.6 and 1.7 of 2018 Code*).

The Directors, whether individually or collectively, may in furtherance of their duties, seek and obtain independent professional advice as and when the need arises, at the expense of the Company (*Provision 1.7 of 2018 Code*).

The appointment of the Company Secretary and any change thereof is a matter for the Board. The Company Secretary attends all Board and Board Committee meetings and ensures that Board procedures are followed, and that applicable rules and regulations are complied with. The Company Secretary is responsible for ensuring good information flow within the Board and its Board Committees and between Management and Non-Executive Directors; advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development (*Provision 1.7 of 2018 Code*).

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board comprises 5 Directors, more than half of whom are Independent Directors (*Provisions 2.2 and 2.3 of 2018 Code*).

The composition of the Board is:–

Executive Directors

Han Meng Siew (Executive Chairman)
Jimmy Chang Joo Whut (Managing Director)

Independent Non-Executive Directors

Charles George St. John Reed (Lead Independent Director)
Lai Chun Loong
Lee Keen Whye

BOARD MATTERS (continued)

Principle 2: Board Composition and Guidance (continued)

The Board comprises Directors who are professionals with core competencies, such as business or management expertise, finance and strategic planning experience, customer and industry-based exposure and knowledge. As a group, the Board provides an appropriate balance and diversity of skills, experience and knowledge that each Director brings in harnessing Group strategy and objective (*Provision 2.4 of 2018 Code*).

Details of the Directors' academic, professional qualification and other appointments are set out on pages 10 and 11 of the Annual Report.

The Nominating Committee (NC) rigorously reviews the independence of non-executive Directors annually, particularly those who have served more than nine years (*Provision 4.4 of 2018 Code*). As at 31 December 2019, all three Independent Directors have served on the Board for more than nine years. The NC had assessed the independence of Mr Charles George St. John Reed, Mr Lai Chun Loong and Mr Lee Keen Whye, taking into consideration each of their ability to exercise independence and objectivity of mind to act honestly and in the best interest of the Company.

In assessing objectivity and independent judgement, the NC had taken into account the approach, character, integrity and attitude of each Independent Director in dealing with affairs of the Company and, in particular each of his business, contractual or, other relationships which could be perceived to interfere with the exercise of the Director's independent business judgement. This assessment is further supported by the written confirmation of independence in which each Independent Director is required to complete and submit to the NC for review.

Based on the review, the NC was of the view that Mr Charles George St. John Reed, Mr Lai Chun Loong and Mr Lee Keen Whye, have each demonstrated independence of mind and objective judgement in discussion of matters and issues relating to the Group.

The NC had recommended, and the Board had concurred that Mr St. John Reed, Mr Lai and Mr Lee continue to be independent notwithstanding the length of tenure in office.

The Independent Directors are independent in conduct, character and judgement. None of them are related to, nor they have any relationship (whether familial, business, financial, employment, or otherwise) with, the Company, its related corporations, its substantial shareholders or its officers or are in any circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement. In its assessment, the NC has taken into account the definition of independence/circumstances as stated in the 2018 Code and accompanying Practice Guidance and Catalist Rules of the SGX-ST (*Provisions 2.1 and 4.4 of 2018 Code*).

Each member of the NC had abstained from deliberation in respect of assessment of his own independence and length of service.

The Company notes that Mr Charles George St. John Reed, Mr Lai Chun Loong and Mr Lee Keen Whye will have to comply with the requirements of Rule 406(3)(d)(iii) of the Catalist Rules, for purposes of continuing to be designated as Independent Directors, when it becomes effective on 1 January 2022. The Company will take the relevant steps, where appropriate, to comply with such requirements.

Taking into account the nature and scope of the Group's operations and the requirements of its business, the NC and the Board are of the view that current size and composition of the Board and Board Committees are appropriate to facilitate effective decision making (*Provision 2.4 of 2018 Code*).

The Company recognizes the benefits of having a diverse Board and has in FY2019, adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. NC is responsible to review and monitor its implementation and will recommend appropriate changes to the Board for consideration and approval.

The Independent and Non-Executive Directors constructively challenge and assist with development of Management's business proposals and, to review and monitor Management's performance in meeting agreed goals and objectives.

Independent Directors communicate with each other without the presence of Management, as and when the need arises (*Provision 2.5 of 2018 Code*).

BOARD MATTERS (continued)

Principle 3: Chairman and Managing Director

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The functions of the Chairman and the Managing Director are assumed by two individuals. The Chairman, Mr Han Meng Siew and the Managing Director, Mr Jimmy Chang are both Executive Directors (*Provision 3.1 of 2018 Code*).

There is distinct division of responsibilities between the Chairman and the Managing Director, who are not related to one another and have no close family ties and are not immediate family members. The Chairman and the Managing Director are the most senior executives in the Company. The Managing Director assumes executive responsibilities for the Company's business while the Chairman assumes responsibility for the management of the Board. As the Chairman and the Managing Director perform separate functions, authority and accountability are not compromised (*Provisions 3.1 and 3.2 of 2018 Code*).

The Chairman (*Provision 3.2 of 2018 Code*):-

(a) leads the Board to ensure its effectiveness on all aspects of its role;
(b) sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promotes a culture of openness and debate at the Board;
(d) ensures that the Directors receive complete, adequate and timely information;
(e) ensures effective communication with shareholders;
(f) encourages constructive relations within the Board and between the Board and Management;
(g) facilitates the effective contribution of Non-Executive Directors in particular; and
(h) promotes high standards of corporate governance.

The Managing Director makes key decisions on the management and operations of the Group and is responsible for the conduct of the business and affairs of the Group, supported by the key management (*Provision 3.2 of 2018 Code*).

In line with Provision 3.3 of the 2018 Code, Mr Charles George St. John Reed was appointed as Lead Independent Director with effect from 2 March 2015. As Lead Independent Director, Mr St. John Reed is available to address shareholders' concerns on issues for which communication with the Executive Chairman or Financial Controller has failed to resolve, or where such communication is inappropriate or inadequate. Shareholders may direct their concerns to the Lead Independent Director via email at charles@royalgreyhound.com.sg.

Where appropriate and necessary, the Independent Directors would meet without the presence of the Executive Directors and Management, for the Lead Independent Director to provide feedback to the Chairman (*Provision 2.5 of 2018 Code*).

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The NC comprises 3 Directors, all of whom are independent (*Provision 4.2 of 2018 Code*), namely –

Lee Keen Whye (Chairman)
Charles George St. John Reed
Lai Chun Loong

The Lead Independent Director, Mr Charles George St. John Reed, is a member of the NC (*Provision 4.2 of 2018 Code*).

BOARD MATTERS (continued)

Principle 4: Board Membership (continued)

Nominating Committee (continued)

The objectives of the NC are to ensure that there is a formal and transparent process in the nomination, appointment and re-appointment of Directors to the Board and in the assessment of the effectiveness and contribution of the Board and its members to the welfare, strategic growth and development of the Company.

The key duties of the NC are as follows (*Provisions 1.4 and 4.1 of 2018 Code*):

(1) to review the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;
(2) to review annually the independence of each Director with reference to the criteria set out in the Catalist Rules and the 2018 Code;
(3) to review all nominations for new appointments and re-appointments of Directors and put forth their recommendations for approval by the Board;
(4) to determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
(5) to review succession plans for Directors, in particular, the Chairman and Managing Director, and for Key Management Personnel;
(6) to assess the effectiveness of the Board as a whole and its Board Committees and Directors;
(7) to review training and professional development programmes for the Board, its Directors and Key Management Personnel; and
(8) to develop a process for evaluation of the performance of the Board, its Board Committees and Directors.

During the year, the NC met once to review the size and composition of the Board and the independence of the Independent Directors and to consider and recommend to the Board retiring Directors standing for election at the AGM, amongst its other duties (*Provision 1.4 of 2018 Code*).

Under the Articles of Association of the Company, all Directors (other than the Managing Director) are subject to re-nomination and re-election at least once every 3 years. Mr Lee Keen Whye will retire by rotation at the forthcoming Annual General Meeting ("AGM") and has offered himself for re-election.

The NC has recommended the nomination of Mr Lee for re-election at the forthcoming AGM. Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information on Mr Lee in accordance to Appendix 7F of the Catalist Rules are set out on pages 101 to 104 of the Annual Report.

The Company notes that Rule 720(4) of the Catalist Rules requires all Directors (including executive Directors) to submit themselves for re-nomination and re-appointment at least once every 3 years. The Company will take appropriate steps to comply with such requirements, no later than 31 December 2021.

Although some of the Directors have multiple Board representations, the NC is satisfied that for FY2019, each Director had accorded sufficient time and effort in fulfilling his duties, responsibilities and obligations as a Board member and were able to adequately carry out his duties as a Director of the Company (*Provisions 1.5 and 4.5 of 2018 Code*). The Board concurred with the NC's views. The NC and Board believe that setting a maximum number of listed company board representations is not meaningful as Directors should be assessed through qualitative factors such as competencies, contribution to discussions, attendance and time commitment in dealing with the Company's affairs.

None of the Directors have appointed any Alternate Director.

Key information regarding Directors and their profiles are set out on pages 10 and 11 of the Annual Report (*Provision 4.5 of 2018 Code*). The shareholdings and interests of each Director is set out in the Directors' Statement under the relevant sections on pages 43 to 47 of the Annual Report.

When required, the search for new Directors will first be initiated through contacts or, recommendations of Board members and/or business associates. The NC assesses the suitability of candidate based on several factors, including Board composition and diversity, and each candidate's competencies, skills, knowledge, experience and, ability and willingness to commit time to the Company, before making a recommendation to the Board for appointment (*Provision 4.3 of 2018 Code*).

BOARD MATTERS (continued)

Principle 5: Board Performance (*including Provisions 5.1 and 5.2 of 2018 Code*)

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has in place a formal performance evaluation process where the effectiveness of the Board as a whole and each of the Board Committees is assessed. This annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director or committee member on whether the Board or Board Committee's procedures and processes allowed Directors to discharge their duties effectively and to propose changes which may be made to enhance Board/Board Committee effectiveness as a whole.

Board performance evaluation for FY2019 was conducted by having all Directors complete a questionnaire covering the following areas/performance criteria:–

- Board structure.
- Strategy and performance.
- Governance – Board Risk Management & Internal Controls.
- Board Function – Information to the Board, Board Procedures, CEO/Top Management and Standards of Conduct.

In evaluating its performance, the Board also took into account the attendance, contribution and participation of each Director at Board meetings.

Performance evaluations of Board Committees, namely, AC, NC and RC for FY2019 were also conducted by having all the Board Committee members complete a separate questionnaire in respect of each Board Committee. The performance criteria includes, amongst others:–

- The respective Board Committees' structure, size and expertise.
- Accountability and performance.
- Board Committee Function – Information to the Board Committees, processes, relationship with or reporting to the Board and Standards of Conduct.
- Attendance, contribution and participation of each member at Board Committee meetings.
- Communications with shareholders.

In addition to the Board and the Board Committees performance evaluations, a peer to peer evaluation in respect of FY2019 was carried out. The performance of all Directors, including the Chairman, were individually reviewed by their fellow Directors by completing a questionnaire, taking into consideration, amongst others, the Director's business and industry knowledge, commitment, contributions and performance at Board and Board Committee meetings (including attendance, preparedness, participation and candour), communication skills and interaction with fellow Directors, Senior Management and auditors.

For each of the performance evaluations of the Board, Board Committees and Directors, a summary of findings is prepared by the Company Secretary based on the completed questionnaires and is reviewed and deliberated by the NC before submitting to the Board.

The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

No external facilitator was engaged by the Company for the above evaluations.

The NC, having reviewed the performance of the Board, Board Committees and Directors, is of the view that the performance of the Board as a whole, each Board Committee and, the contribution of each Director to the effectiveness of the Board has been satisfactory.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration Committee (RC)

The RC comprises 3 members, all of whom are Independent Directors (*Provision 6.2 of 2018 Code*). The composition of the RC is as follows:-

Lai Chun Loong (Chairman)
Charles George St. John Reed
Lee Keen Whye

The role of the RC is to review and recommend to the Board a framework of remuneration for the Board of Directors and key executives of the Group. It determines specific remuneration packages and reviews the terms of service for each Executive Director and Key Management Personnel of the Company (*Provision 6.1 of 2018 Code*). It also approves guidelines on salary, bonus, and other terms and conditions for Senior Management.

The RC's review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind and termination terms (if any) to ensure they are fair (*Provision 6.3 of 2018 Code*). In its review, the RC ensures that the remuneration of the Directors and Key Management Personnel commensurate with their performance and value-add to the Group, giving due regard to the sustainability of performance, value creation and strategic objectives of the Company and/or the Group (*Provision 7.1 of 2018 Code*).

The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Group's remuneration policy comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined, after taking into consideration the performance of the Group and the individual employee, as well as the general economic climate.

In setting remuneration packages for Executive Directors and Key Management Personnel of the Group, the pay and employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that will attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term (*Provision 7.3 of 2018 Code*). The RC may seek external professional advice on compensation and other employment-related matters, as and when required. No external consultant was engaged in FY2019 (*Provision 6.4 of 2018 Code*).

Executive Directors are on service contracts, which are subject to annual review. The RC is of the view that the Executive Directors' service contracts are not excessively long or do not contain onerous removal clauses.

REMUNERATION MATTERS (continued)

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level and Mix of Remuneration (continued)

Remuneration Committee (RC) (continued)

The Executive Directors who are on service contracts which may be terminated by either party giving three months' notice, do not receive Directors' fees. Their remuneration packages comprise salaries, annual wage supplement, performance shares and a share of profits based on the Group's performance. The performance-related share award and benefits are to align their interests with those of the shareholders and other stakeholders, for the long-term success of the Company, and link rewards to corporate and individual performance (*Provision 7.1 of 2018 Code*). No performance shares have been awarded to Executive Directors after 2010.

Non-executive and Independent Directors ("INED") receive Directors' fees, which are subject to shareholders' approval at the AGM. The fees take into account their contribution, responsibilities, effort and time accorded in discharging their duties and, market practices (*Provision 7.2 of 2018 Code*).

The fee structure for INEDs comprising the following components:

(1) a basic fee for each INED; and
(2) a percentage of basic fee for each additional role on Board Committees.

No Director is involved in determining his own remuneration.

The Ntegrator Share Option Scheme expired on 25 August 2019 and the Ntegrator Performance Share Plan expired on 11 February 2020.

The Board is of the view that as the Group pays an annual cash incentive based on the performance of the Group/Company (and not on possible future results) and with targets set for Executive Directors and key management, claw back provisions in the service contracts may not be relevant or, appropriate.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

In view of confidentiality and sensitivity attached to remuneration matters, the Board is of the view that it is not in the interest of the Company to fully disclose the remuneration of each Director, as well as the aggregate remuneration of Key Management Personnel. The remuneration of Directors and top Key Management Personnel is, however, disclosed in the bands of S$250,000 with a breakdown showing the level and mix of remuneration in percentage terms. The Board is of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the Company's remuneration policies and practice for Directors and Key Management Personnel (*Provisions 8.1 of 2018 Code*).

REMUNERATION MATTERS (continued)

Principle 8: Disclosure on Remuneration (continued)

A breakdown (in percentage terms) of Directors' remuneration and that of the Group's top 3 Key Management Personnel who are not Directors, for the financial year ended 31 December 2019, falling within broad bands, are set out below (*Provisions 8.1 of 2018 Code*):–

(A) Directors' Remuneration

Name	Fees %	Salary[1] %	Other Benefits[2] %	Total %
Between $500,000 to $750,000				
Han Meng Siew	-	94.2	5.8	100
Between $250,000 to $500,000				
Jimmy Chang Joo Whut	-	93.6	6.4	100
Below $250,000				
Charles George St. John Reed	100.0	-	-	100
Lai Chun Loong	100.0	-	-	100
Lee Keen Whye	100.0	-	-	100

(B) Remuneration of top 3 Key Management Personnel who are not Directors

Name	Salary[1] %	Other Benefits[2] %	Total %
Between $250,000 to $500,000			
Kenneth Sw Chan Kit	91.1	8.9	100
Below $250,000			
Vincent Vinu Edward	96.6	3.4	100
Raymond Chia Kok Hian	96.3	3.7	100

Notes:
(1) Includes AWS and CPF
(2) Transport, medical, insurance.

Details of Directors' interests in shares and the Company's Share Option Scheme are set out on pages 43 to 47 of the Annual Report.

(C) Remuneration of employees who are substantial shareholders, or who are immediate family members of a Director or a substantial shareholder of the Company

There were no employees who were substantial shareholders, or who were immediate family members of any Director or, the Managing Director in FY2019. The Company has no substantial shareholder named in the Register of Substantial Shareholders of the Company (*Provisions 8.2 of 2018 Code*).

(D) There were no termination, retirement or post-employment benefits granted to Directors and the top 3 Key Management Personnel (who are not Directors).

(E) There are no remuneration and other payments and benefits paid by the Company and its subsidiaries to Directors and Key Management Personnel of the Company (*Provision 8.3 of 2018 Code*).

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance (*Provisions 9.1 of 2018 Code*).

The Group's Risk Management Framework which identifies key risks within the Group's businesses, is aligned with the ISO 31000:2018 Risk Management framework. The Risk Management Framework is reviewed by the AC and approved by the Board (*Provisions 9.1 of 2018 Code*).

The AC oversees risk governance which includes the following roles and responsibilities:

- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and
- reviews Management's assessment of risks and Management's action plans to mitigate such risks.

Yang Lee & Associates ("YLA"), a professional service firm, is engaged to assist the AC with its oversight of risk management (*Provisions 9.1 of 2018 Code*) and to facilitate the maintenance of the Group's enterprise risk management framework which covers operational, financial, compliance and information technology risks. Under the framework, risk registers with related treatment plans on risks faced by the Group are maintained, tracked by the responsible managers and reported to the Board.

Based on risks identified, assurance activities such as controls self- assessments and internal audits are planned with a set of measurement criteria and targets established for each assurance activity covered. Results of assurance activities are presented to the AC annually to support the opinion under Catalist Rule 1204(10). Based on the results of assurance activities, the Group had met the targets established for FY2019.

Based on the internal controls established and risk management framework maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board and assurance activities conducted, the Board (with concurrence of the AC) is satisfied that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective (*Provisions 10.1(b) of 2018 Code*). No material weaknesses of internal controls and risk management systems were identified in respect of FY2019.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

In respect of FY2019, the Board has received the following assurance (*Provision 9.2 of 2018 Code*):–

(a) Written confirmation from the Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements of the Company for FY2019 give a true and fair view of the Company's operations and finances; and

ACCOUNTABILITY AND AUDIT (continued)

Principle 9: Risk Management and Internal Controls (continued)

(b) Written confirmation from the Managing Director, the Financial Controller and relevant Key Management Personnel that the Company's risk management and internal controls (including financial, operational, compliance and information technology controls) systems are adequate and effective.

Principle 10: Audit Committee (AC)

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises 3 Directors, all of whom are Independent Directors (*Provision 10.2 of 2018 Code*). The composition of the AC is as follows:-

Charles George St. John Reed (Chairman)
Lai Chun Loong
Lee Keen Whye

The duties of the AC include (*Provision 10.1 of 2018 Code*):–

(a) reviewing significant financial reporting issues and judgements so as to ensure the integrity of financial statements of the Company and any announcements relating to the Company's financial performance;
(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out with the assistance of any competent third parties);
(c) reviewing the assurance from the Managing Director and the Financial Controller on the financial records and financial statements;
(d) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
(e) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors; and
(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

All AC members possess extensive business and financial management expertise or experience and at least 2 of them (including the AC Chairman) have recent and relevant accounting or related financial management expertise or experience (*Provision 10.2 of 2018 Code*).

None of the AC members or, the AC Chairman are former partners or, Directors of the Company's existing auditors (*Provision 10.3 of 2018 Code*).

The AC assists the Board in its oversight of financial, risk, audit and compliance matters.

The AC reviews the scope of work and the effectiveness of both Internal and External Auditors and the assistance given by the Company's officers to the External Auditors. It meets with the Company's Internal Auditors and External Auditors to review their audit plans and discuss the results of their respective examinations and their evaluation of the Group's operations and system of internal accounting controls to the Board annually.

The AC met the Internal Auditors and External Auditors without the presence of Management at least once a year (*Provision 10.5 of 2018 Code*). The AC also reviewed transactions with interested persons and related parties (if any) and, recommended the appointment or re-appointment of External Auditors.

The External Auditors provide regular updates and periodic briefing to the AC on changes or amendments to accounting standards to enable AC members keep abreast with such changes and their corresponding impact, if any, on financial statements.

ACCOUNTABILITY AND AUDIT (continued)

Principle 10: Audit Committee (AC) (continued)

The AC performed independent reviews of the financial statements of the Company and the Group and any announcement relating to Company's performance. No significant issues were noted by the AC.

The AC reviewed audit and non-audit fees and the independence of the External Auditors. No non-audit services were provided by the External Auditors in FY2019. The AC has received confirmation of independence from the External Auditors.

The Company has complied with Catalist Rules 712 and 715 in respect of the appointment and re-appointment of External Auditors. Catalist Rule 716 is not applicable to the Company.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any personnel to attend its meetings and, reasonable resources to enable it to function properly.

The internal audit function of the Group is outsourced to Yang Lee & Associates ("IA"), an independent and professional service firm. The IA is adequately resourced and guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards), issued by the Institute of Internal Auditors.

The IA reports to the AC functionally, and to the Managing Director and Financial Controller administratively. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC approves the appointment, termination, evaluation and compensation of the IA (*Provision 10.4 of 2018 Code*).

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The AC annually reviews the independence, adequacy and effectiveness of the internal audit function to ensure that the internal audits are performed effectively. The AC is satisfied that the IA is independent, effective, has the necessary resources to adequately perform its functions and staffed by qualified and experienced personnel.

The IA completed one (1) review of the Group in FY2019 in accordance with the internal control plan approved by the AC under the Group Risk Management Framework. The findings and recommendations of the IA, Management's responses, and Management's implementation of remedial actions have been reviewed by the AC.

Whistle-Blowing Policy

The Company has a Whistle-Blowing Policy which serves to encourage and to provide a channel for staff of the Group or other parties such as vendors/contractors, to report and to raise in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters. This Policy is to ensure that arrangements in place, for the independent investigation of such matters and concerns raised on financial or other improprieties, and for appropriate follow-up action.

The objectives of the Whistle-Blowing Policy are:

- to communicate the Company's expectation of employees of the Group in detecting fraudulent activities or malpractices;
- to guide employees on the course of action when addressing their concerns or suspicions of fraudulent activities or malpractices;
- to provide a process for investigations and management reporting; and
- to establish the policies for protecting whistle-blowers against reprisal by any person internal or external of the Group.

There were no reports through whistle-blowing in FY2019.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: Engagement with Shareholders

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Board places strong emphasis on investor relations for the Company to maintain high standard of transparency so as to promote better investor communications. Shareholders are kept apprised of any changes in its business and information that would likely affect the value of the Company's shares are provided on a timely basis. Shareholders may at any time send their enquiries and/or feedback about the Company to the Board in writing through its corporate website, under "Contact Us" section (*Provision 12.1 of 2018 Code*).

The Company disseminates material information simultaneously through press releases via SGXNet and electronic mail to the media. Press releases, interim and full-year financial results and annual reports which are posted on SGX's website are also available on the Company's website. All shareholders of the Company receive the Annual Report and Notice of AGM, within the statutory period. In order to gather views or inputs and address shareholders' concerns, shareholders are given the opportunity to voice their views and to direct questions regarding the Group to Senior Management and Directors, including the Chairman and Chairmen of Board Committees, at shareholders' meetings (*Provisions 11.1 and 12.1 of 2018 Code*).

All Directors are expected to attend AGM and other general meetings held by the Company. For the last AGM held in April 2019, Directors' attendance can be found on page 15 of this report. Besides Directors, Senior Management and the External Auditors are present at AGMs and other general meetings, if any, to assist the Board in addressing shareholders' queries. (*Provision 11.3 of 2018 Code*).

The Company allows corporations which provide nominee services to appoint more than 2 proxies so that shareholders who hold shares through such corporations can attend and participate in shareholders' meetings as proxies.

At present, the Company has not adopted any procedures for shareholders to vote in absentia and will review this option, when guidelines for such procedures are developed, in the future. However, under the provisions of the Company's Articles of Association, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow shareholders who are unable to vote in person at any General Meeting the option to vote in absentia (*Provision 11.4 of 2018 Code*).

At general meetings, separate resolutions are proposed for each substantially separate issue to avoid bundling of resolutions unless the resolutions are inter-dependent and linked to form one significant proposal (*Provision 11.2 of 2018 Code*).

At general meetings, resolutions are voted on by poll and poll voting procedures are explained by the independent scrutineer. The results, including the number of votes cast for and against each resolution, are announced via SGXNet.

Minutes of general meetings are made available to shareholders present at the relevant meeting, upon request. From the forthcoming AGM onwards, minutes of AGMs/general meetings of shareholders, incorporating relevant substantial comments or queries from shareholders and responses from the Board, Management and/or Auditors, will be published on the Company's website (*Provision 11.5 of 2018 Code*).

The Company currently, does not have a formal dividend policy. Before proposing any dividend, the Board considers factors such as earnings, financial results and position, capital requirements, cash flows and business development plans. The Board will review the adoption of a dividend policy when a more stable trend of profitability is established (*Provision 11.6 of 2018 Code*).

SHAREHOLDER RIGHTS AND ENGAGEMENT (continued)

Principle 11: Shareholder Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders (continued)

The Company has put in place a formal Investor Relations ("IR") Policy which outlines the processes and practices that the Company adopts to ensure effective communication with shareholders and the investment community, in a timely manner (*Provisions 12.2 and 12.3 of 2018 Code*). The IR Policy is available on the Company's website at www.ntegrator.com. Shareholders may contact the Company via email at ir@ntegrator.com.

Principle 13: Shareholder Rights and Conduct of General Meetings

> ***The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Group's efforts on sustainability include focusing on creating sustainable value for our key stakeholders, which comprise customers, employees, regulators, shareholders and suppliers. Please refer to the section on "Stakeholder Engagement" on page 31 for more information on how the Company engages and manages relationships with key stakeholders (*Provisions 13.1 and 13.2 of 2018 Code*).

The Company maintains a corporate website at www.ntegrator.com to communicate and engage with its stakeholders (*Provision 13.3 of 2018 Code*).

SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practices for Dealings in Securities (the "Code of Best Practices") which defines the Group's policy on dealings in securities of the Company and implications of Insider Trading. To comply with Rule 1204(19)(b) and in line with our Code of Best Practices, Directors and Key Management Personnel of the Group who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods commencing one month before the announcement of the Group's annual or half-year results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, Directors and Key Management Personnel of the Group are not allowed to deal in the Company's shares or, securities, on short-term considerations.

Directors and Key Management Personnel are required to confirm annually that they have complied with the Code of Best Practices with regards to their securities transactions.

ENTERPRISE RISK MANAGEMENT POLICIES AND PROCESSES

The Company's Enterprise Risk Management policies are summarised as follows:-

Technological Changes

We are dependent on principals to improve and innovate products to meet the changing market trends. We will study the market trends and assess customers' changing needs and obtain new technology-based products to meet their demands. We will also keep abreast of the developments in our industry and the technical know-how.

Political, Regulatory and Economic

The unexpected changes in the regulatory requirements, political instability and economic uncertainties in the countries in which we have a presence may affect our revenue and margin. We will assess this inherent risk on a regular basis.

ENTERPRISE RISK MANAGEMENT POLICIES AND PROCESSES (continued)

Credit Risk

We are exposed to credit risk and such risk is managed through assessment of customer credit-worthiness. Special payment arrangements are reviewed on a case-by-case basis and will be secured by export letters of credits.

Suppliers

We procure and supply machinery/equipment to customers which are sourced from reputable suppliers or, manufacturers approved by customers. These machinery/equipment which may fail to meet customers' expectation or, operating requirements are covered by manufacturers' warranties.

Key Management Personnel

Our business performance depends on the business strategy developed by Management. The inability to retain qualified personnel may affect our business performance given that we are a service provider. We offer competitive remuneration packages, employee's share option scheme and performance share plan to our staff as well as a challenging working environment.

Business Continuity

The Company recognises that business disruption is a key risk to effective business operations and delivery of business services, and may potentially affect our customers. We monitor for emerging threats that may disrupt our operations and address crises and emergencies through implementation of appropriate prevention, preparedness and response and recovery programmes that seek to mitigate the risks of disruption and catastrophic loss to our operations, people, information databases and other assets, and to ensure that key business functions can continue normal operations in the event of a major disruption. Such risks can arise from adverse natural events like flooding or, from pandemic outbreaks.

During the COVID-19 outbreak in 2020, we have responded quickly to provide employees with masks, hand sanitisers and contactless infrared thermometers, step up the cleaning and disinfection of our premises and conduct temperature screenings upon entry into our premises to ensure the safety of employees. Telecommuting is also an option offered to employees. We have split our foreign workers into different dormitories, rooms and divided them into different team to support our customers who are providers of the essential services.

MATERIAL CONTRACTS

Other than the Service Agreements with each of our Executive Directors, Messrs Han Meng Siew and Jimmy Chang Joo Whut, there were no material contracts in FY2019 which are required to be disclosed under Catalist Rule 1204(8).

INTERESTED PERSON TRANSACTIONS

There were no transactions with Interested Persons in FY2019.

SPONSORS

No non-sponsor fees were paid to the Sponsor, Asian Corporate Advisors Pte. Ltd. in 2019.

SUSTAINABILITY REPORT

1. Board statement

We reaffirm our commitment to sustainability with the publication of our sustainability report ("Report"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") factors and economic performance.

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long term future of our Group. The Board having considered sustainability issues as part of its strategic formulation, determines the material ESG factors and oversees the management and monitoring of the material ESG factors.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

A summary of our sustainability performance in FY2019 is as follows:

<u>Employee retention</u> 66% of employees and 83% of managers have served more than 3 years with us	<u>Equality and diversity in the workplace</u> · 28% of all employees and 17% of managers are females · 57% of all employees are at least 40 years old · Percentages of employees with tertiary and non-tertiary education are 51% and 49% respectively · 100% of employees received regular performance reviews	<u>Safety at workplace</u> · Zero incident of workplace fatality · 8 incidents of non-fatal workplace injuries resulting in 152 man-days lost
<u>Welfare of foreign workers</u> Percentage of highly skilled foreign workers[1] amongst total number of foreign workers is 31%	<u>Sustainable business performance</u> The Group experienced a loss for FY2019, mainly attributed to orders from major customers being held back due to uncertainties arising from trade tension between China and the United States	<u>Robust corporate governance framework</u> · Zero incident of serious offence is reported through our whistle blowing channel · Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 65 for the year 2019

2. Reporting framework

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework.

3. Reporting period

This Report is applicable for our Group's financial year ended 31 December 2019 ("FY2019" or "reporting period"). A Report will be published annually in accordance with our SR Policy.

1 Based on criteria set by the Ministry of Manpower on relevant years of experience, academic qualifications, skill-based test qualification and minimum fixed monthly salary

4. Feedback

This Report, published as part of our Annual Report, is also available as a downloadable PDF from our website at http://www.ntegrator.com. We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: ir@ntegrator.com

5. Stakeholder engagement

Our Group's efforts on sustainability is focused on creating sustainable value for our key stakeholders, which comprise customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by operations of our Group. We actively engage our key stakeholders through the following channels:

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised by stakeholder
1	Customers	Customers are encouraged to provide their feedback through channels such as email communication, phone calls and tele-conferences.	Ongoing	· Product quality and reliability · Customer service standards
2	Employees	Senior management holds regular communication sessions with employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include emails and regular staff evaluation sessions where employees can pose questions in person.	Ongoing	· Equal employment opportunity · Workplace safety and health · Job security · Remuneration
3	Regulators	We participate in consultations and briefings organised by key regulatory bodies such as the Singapore Stock Exchange and relevant government agencies/ bodies so as to better understand the regulatory requirements and to furnish feedback on proposed regulatory changes that may impact our businesses.	Ongoing	Corporate governance
4	Shareholders	We convey timely and accurate information to shareholders through announcements on SGXNET, Company's website (http://www.ntegrator.com), annual general meetings, annual reports and other channels such as business publications and investor relation events.	· Ongoing for material announcements · Half-yearly for results announcements · Annually for annual reports and AGMs	· Sustainable business performance · Market valuation · Dividend payment · Corporate governance
5	Suppliers	We work closely with suppliers to ensure smooth delivery of products. In general, new and existing suppliers are assessed by respective work teams based on specified criteria. Feedback is communicated to suppliers to ensure standards of products or services delivered by suppliers.	Ongoing	· Ability to distribute products · Maintain and expand brand presence · Maximise end customers' satisfaction

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

6. Policy, practice and performance reporting

6.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. Our Sustainability Committee, which includes the Executive Chairman, Managing Director and Financial Controller, is tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

6.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end results of this process is a list of material factors disclosed in this Report. Inter-relations of which are as shown in the chart below:

Identification

Identification of the material factors that are relevant to the Group's activities and data points for performance reporting

Prioritisation

Prioritisation of the material factors and identification of key sustainability factors to be reported

Validation

Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of key sustainability factors to finalise the Report content

Review

Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments

6.3 Materiality assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority should be reported on in detail.
II	Medium	Factors with medium reporting priority should be considered for inclusion in the Report. We may decide to exclude them in the Report, if immaterial.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. If immaterial, these factors may be excluded from the report.

The reporting priority is supported by a Material Factor Matrix considering the level of concern to external stakeholders and potential impact on business.

6.4 Performance tracking and reporting

We track the progress of our material factors by identifying the relevant data points, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capture systems.

7. Material factors

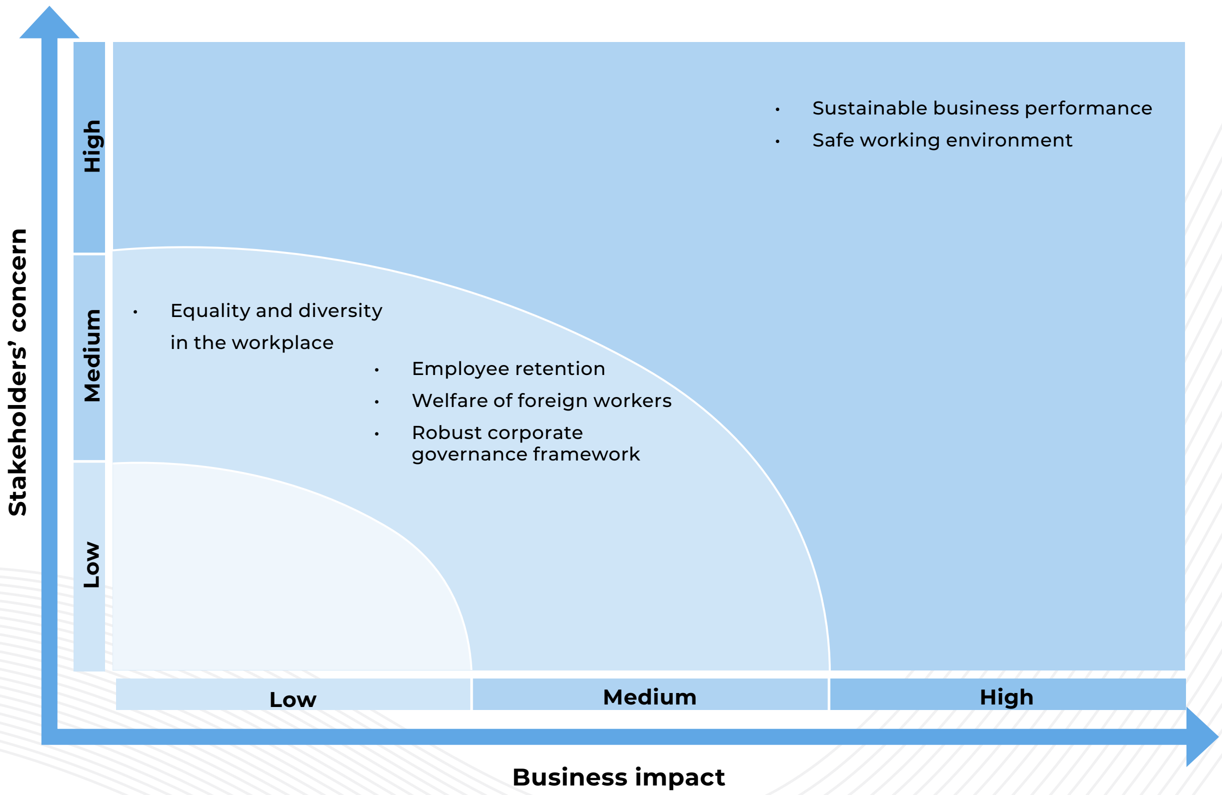
Our materiality assessment performed for FY2019 involved our Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

Presented below are a list of material sustainability factors applicable to our Group:

List of material sustainability factors

S/N	Material factor	Key stakeholder	Reporting priority
Social			
1	Employee retention	Employees	II
2	Equality and diversity in the workplace	Employees	II
3	Safe working environment	Employees	I
4	Welfare of foreign workers	Employees	II
Economic			
5	Sustainable business performance	• Shareholders • Customers • Suppliers	I
Governance			
6	Robust corporate governance framework	• Shareholders • Regulators	II

Material factor matrix



We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each key sustainability factor are presented as follows:

7. Material factors (continued)

7.1 Employee retention

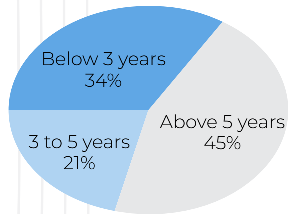
The success of our business relies heavily on maintaining a team of professional, skilled and experienced employees. As at 31 December 2019, our total number of employees[2] stands at 76 (FY2018: 75).

We are committed to employee retention through the following efforts:

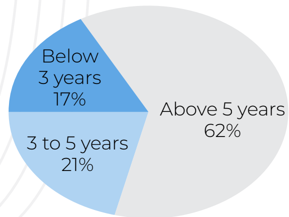
- A code of conduct is in place to provide guidance on employee benefits and disseminate corporate culture.
- Competitive remuneration and benefits package.
- Staff assessments are performed regularly to evaluate staff performance and employees are encouraged to undergo training that will improve their skills and abilities. In FY2019, all our employees received regular staff assessment.
- Loyal employees are presented with long service awards.

We strongly believe that a low turnover improves the sustainability of operations and also allows us to contribute positively to the development of social and human capital. As at 31 December 2019, 66% (FY2018: 63%) of our employees[2] and 83% (FY2018: 75%) of our managers[2] have served more than 3 years with us.

Years of service (all employees)



Years of service (managers)



Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or improve performance measures identified on staff retention	Target met as follows: No material changes in employee retention rate between FY2019 and FY2018	Maintain or improve employee retention rate subject to market conditions

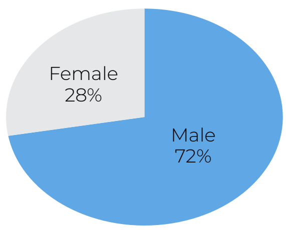
7.2 Equality and diversity in the workplace

We aim to provide a working environment for employees that fosters fairness, equity and respect for social and cultural diversity, regardless of gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment.

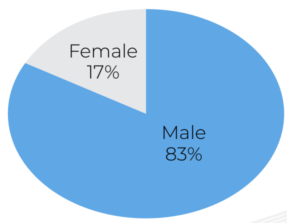
With regards to gender diversity, the percentage of our female to total full-time employees[2] is 28% (FY2018: 27%) and about 17% (FY2018: 12%) of our managers[2] are females as at 31 December 2019. Due to the nature of our business, our workforce is predominantly staffed by male employees.

For age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 December 2019, 57% (FY2018: 58%) of the workforce[2] is at least 40 years old.

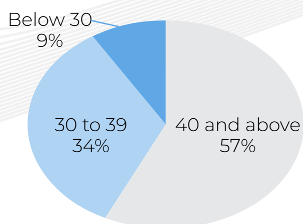
Gender diversity (all employees)



Gender diversity (managers)



Age diversity (all employees)



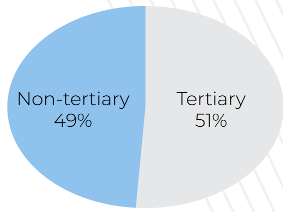
[2] Figure excludes term contract workers that are hired for the fiber cable laying business.

7. Material factors (continued)

7.2 Equality and diversity in the workplace (continued)

For diversity in educational background, we seek to create an inclusive environment for employees from different educational background. As at 31 December 2019, the percentages of our employees[3] with tertiary and non-tertiary education are 51% and 49% (FY2018: 55% and 45%) respectively.

Education diversity (all employees)



To promote equal opportunity, we have in place various human resource related processes as follows:

- A formal interview assessment process is in place to guide interviewers to assess employees based on merit and competency.
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.
- Staff assessment is performed regularly to evaluate the performance of employees and adjust their remuneration where justifiable. During the reporting period, 100% (FY2018: 100%) of our employees[3] received regular performance reviews.

Target for FY2019	Performance in FY2019	Target for FY2020
Move towards a more balanced gender, age and educational diversity ratio	Target met as follows: No material changes in diversity ratios between FY2019 and FY2018	Move towards a more balanced or maintain existing gender, age and educational diversity ratios

7.3 Safe working environment

Due to the nature of our business, a safe working environment is extremely vital in allowing employees to effectively carry out their work at the project sites without significant risk of injury. This helps to build assurance and trust amongst employees which in turn, helps to instill employee loyalty and maintain business sustainability. Accordingly, we place high priority to maintain a safety and security conscious culture amongst our employees.

Our Group places heavy emphasis on the need to comply with the applicable workplace safety and health regulations for our projects.

Below are our key measures taken to manage health and safety at workplace:

- A set of safety rules and regulations is in place.
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers.
- All new employees are briefed on safety procedures during orientation.
- Toolbox meetings are conducted regularly at project sites to brief employees on workplace hazards and safe work practices.

We recorded zero incident of workplace fatality (FY2018: zero incident) during the reporting period and 8 (FY2018: 10) non-fatal workplace injuries[4], resulting in 152 man-days (FY2018: 170 man-days) lost during the reporting period. The non-fatal workplace injuries mainly related to injuries of hand, shoulder and ankle. Lessons from the non-fatal workplace accidents are shared across business units to prevent recurrence.

Our key subsidiaries, Ntegrator Pte Ltd and Fiber Reach Pte Ltd are bizSAFE Star certified by the Workplace Safety and Health Council. Both certifications recognise our continuous efforts to incorporate safety as part of the business model.

[3] Figure excludes term contract workers that are hired for the fiber cable laying business

[4] A workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)

7. Material factors (continued)

7.3 Safe working environment (continued)

Target for FY2019	Performance in FY2019	Target for FY2020
Reduce the number of workplace incidents	Target met as follows: • Zero incident of workplace fatality • 8 incidents of non-fatal workplace injuries and resulting in 152 man days lost, which is an improvement from the previous year	Reduce the number of workplace incidents (where applicable)

7.4 Welfare of foreign workers

The business for providing cable laying services is labour intensive requiring the services of a large number of foreign workers. We recognise that foreign workers play an important role in our Group's value chain and the success of our business. Accordingly, we are committed to protect the welfare and rights of our foreign workers.

We employed 372 (FY2018: 386) foreign workers[5] as at 31 December 2019.

We reaffirm our commitment to foreign workers through the following efforts:

- Align our Group's business to the broader national policy pertaining to foreign workers, such as Employment of Foreign Manpower Act, which regulates the employment of foreign workers and protect their well-being.
- Ensure that our foreign workers are provided living and working conditions that not only comply with regulations, but are also reasonably clean, spacious, safe and livable. Our foreign workers are housed in licensed dormitories.
- Foreign workers are provided with relevant training to upgrade their skills. As at 31 December 2019, the number of highly skilled foreign workers[6] as a proportion of total foreign workers is approximately 31% (FY2018: 39%). This decrease is mainly due to the turnover of highly skilled foreign workers upon the expiry of their contracts. We will continuously work towards a balanced mix of highly skilled foreign workers and improving the skills of other foreign workers.

Approximately
31%
of our foreign workers
are highly skilled[4]

On a broader context, our foreign workers supplement our nation's workforce and contribute to the building of our nation's telecommunications infrastructure.

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or improve the protection of foreign worker rights and welfare	Target not met as follows: Percentage of highly skilled foreign workers amongst total number of foreign workers decreased to 31% due mainly the turnover of highly skilled foreign workers, upon the expiry of their contracts. We will continuously work towards maintain a balanced mix of highly skilled foreign workers and improving the skills of other foreign workers.	Maintain or improve the protection of foreign worker rights and welfare

[5] Figure includes term contract workers hired for fiber cable business

[6] Based on criteria set by the Ministry of Manpower on relevant years of experience, academic qualifications, skill-based test qualification and minimum fixed monthly salary

7. Material factors (continued)

7.5 Sustainable business performance

We believe continuous growth and development of the business are dependent on the long-standing relationship with customers and key suppliers. Accordingly, we are committed to leverage our strong relationships with existing customers and suppliers, to create long-term economic value for shareholders.

Details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or improve financial performance	Target not met as follows: The Group experienced a loss for FY2019, mainly attributed to orders from major customers being held back due to uncertainties arising from trade tension between China and the United States. Nonetheless, we will continue to maintain our tried-and-tested strategy on focusing on core (Project Sales) and recurring businesses (Project Management and Maintenance Services).	Maintain or improve financial performance subject to market conditions

7.6 Robust corporate governance framework

A high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long term shareholder value.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. During the reporting period, zero incident of serious offence[7] is reported through our whistle blowing channel (FY2018: zero incident).

We have also put in place a risk management framework. We regularly assess and review our business and operational environment to better identify and manage emerging and strategic sustainability risks.

Our overall SGTI score assessed by National University of Singapore Business School is 65 (FY2018: 53) for the year 2019.

You may refer to Corporate Governance Report of this Annual Report for details on our corporate governance practices.

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or improve our SGTI score	Target met as follows: • Zero incident of serious offence is reported through our whistle blowing channel • SGTI score assessed by National University of Singapore Business School is 65	• Maintain zero incident of serious offence • Maintain or improve our SGTI score

[7] A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

7.7 Environmental

We are primarily a service company and our impact on the environment, after assessing the level of concern to external stakeholders and potential impact on business, is deemed not to be a material sustainability factor. Nonetheless, we constantly track and control our resource consumption which comprises energy, water and waste generated from our operations.

8. Supporting the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("SDGs"), which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDGs, we have identified a number of SDGs which we can contribute to through our business practices, products and services. The SDGs that we focus on and the related sustainability factors are as follows:

SDG		Our effort
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Section 7.3 Safe working environment We constantly implement safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers. Section 7.4 Welfare of foreign workers We ensure that our foreign workers are treated fairly and are provided with the necessary welfare. They are also provided with opportunities to improve their skills, which helps us to maintain a productive and quality workforce that is vital to the success of our business.
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Section 7.1 Employee retention We place heavy emphasis on retaining a workforce that is of high quality, skilled and experienced, which contributes to the success of our business. This in turn creates long term economic value for shareholders as well as economic productivity. Section 7.5 Sustainable business performance We contribute to economic growth through creating long term economic value for our shareholders.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 7.2 Equality and diversity in the workplace We ensure equal opportunity for all regardless of gender, age, nationality, ethnicity, or educational background.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Section 7.6 Robust corporate governance framework We maintain a high standard of corporate governance framework not only to maintain the transparency of our business, but also to safeguard our shareholders' interests and maximise long-term shareholders' value.

9. GRI Content Index

GRI standard & disclosure title		Section reference	Page
Organisation profile			
102-1	Name of the organisation	Cover Page	-
102-2	Activities, brands, products, and services	· About Ntegrator · Our Business	2-3 5
102-3	Location of headquarters	Corporate Information	-
102-4	Location of operations	About Ntegrator	2-3
102-5	Ownership and legal form	· Group Structure · Financials Contents > Notes to the Financial Statements > General Information · Financials Contents > Notes to the Financial Statements > Investments in Subsidiary Corporations · Statistic of Shareholdings	4 59 78-79 100
102-6	Markets served	About Ntegrator	2-3
102-7	Scale of the organisation	· Group Structure · Operations and Financial Review · Financial Highlights · Sustainability Report > Material Factors > Employee Retention · Sustainability Report > Material Factors > Equality and Diversity in the Workplace · Sustainability Report > Material Factors > Welfare of Foreign Workers · Sustainability Report > Material Factors > Sustainable Business Performance · Financial Contents > Consolidated Statement of Comprehensive Income · Financial Contents > Consolidated Statement of Financial Position · Financials Contents > Statement of Financial Position	4 8-9 13 34 34-35 36 37 53 54 55
102-8	Information on employees and other workers	· Sustainability Report > Material Factor > Employee Retention · Sustainability Report > Material Factors > Equality and Diversity in the Workplace · Sustainability Report > Material Factors > Welfare of Foreign Workers	34 34-35 36
102-9	Supply chain	· About Ntegrator · Corporate Governance Report > Suppliers	2-3 14-29
102-10	Significant changes to the organisation and its supply chain	There was no significant changes to the organisation and its supply chain during the reporting period	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	38
102-13	Membership of associations	None	-
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	30

9. GRI Content Index (continued)

GRI standard & disclosure title		Section reference	Page
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Corporate Governance Report • Sustainability Report > Material Factors > Robust Corporate Governance Framework	14-29 37
Governance			
102-18	Governance structure of the organisation	Corporate Governance Report	14-29
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	31
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	31
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	31
102-44	Key topics and concerns raised	Sustainability Report > Stakeholder Engagement	31
Reporting practice			
102-45	Entities included in the consolidated financial statements	• Group Structure • Financials Contents > Notes to the Financial Statements > Investments in Subsidiary Corporations	4 78-79
102-46	Defining report content and topic boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	32
102-47	List of material topics	Sustainability Report > Material Factors	33-38
102-48	Restatements of information	None	-
102-49	Changes in reporting	None	-
102-50	Reporting period	Sustainability Report > Reporting Period	30
102-51	Date of most recent report	Annual Report FY2018 > Sustainability Report	-
102-52	Reporting cycle	Sustainability Report > Reporting Period	30
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	31
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	• Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index	30 39-41
102-55	GRI content index	Sustainability Report > GRI Content Index	39-41
102-56	External assurance	We may seek external assurance in the future	-
Management approach			
103-1	Explanation of the material topic and its boundary	Sustainability Report > Material Factors	33-38
103-2	The management approach and its components	Sustainability Report > Policy, Practice and Performance Reporting	32
103-3	Evaluation of management approach	Sustainability Report > Material Factors	33-38

9. GRI Content Index (continued)

GRI standard & disclosure title		Section reference	Page
Category: Economic			
201-1	Direct economic value generated and distributed	· Operations and Financial Review · Financial Highlights · Sustainability Report > Material Factors > Sustainable Business Performance · Financial Contents > Consolidated Statement of Comprehensive Income · Financial Contents > Consolidated Statement of Financial Position · Financials Contents > Statement of Financial Position	8-9 13 37 53 54 55
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	34
401-2	Benefits provided to employees	Sustainability Report > Material Factors > Welfare of Foreign Workers	36
403-9	Work-related injuries	Sustainability Report > Material Factors > Safe Working Environment	35-36
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	34-35

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 53 to 99 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Han Meng Siew	Chairman
Jimmy Chang Joo Whut	Managing Director
Charles George St. John Reed	
Lai Chun Loong	
Lee Keen Whye	

In accordance with Article 99(2) of the Company's Articles of Association, Lee Keen Whye is due to retire at the forthcoming Annual General Meeting and, being eligible, has offered himself for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" and "Performance share plan" on pages 44 to 47 of this statement.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2019	At 1.1.2019	At 31.12.2019	At 1.1.2019
Company (No. of ordinary shares)				
Han Meng Siew	11,390,640	11,390,640	16,491,000	16,491,000
Jimmy Chang Joo Whut	25,290,640	25,290,640	-	-
Charles George St. John Reed	6,765,000	6,765,000	-	-
Lai Chun Loong	-	9,770,000	9,770,000	-
Lee Keen Whye	18,911,500	18,911,500	-	-

The directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

Directors' interests in shares or debentures (continued)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Ntegrator Share Option Scheme (the "Scheme") and Ntegrator Performance Share Plan (the "PSP") as set out below and under "Share options" and "Performance share plan" on pages 44 to 47 of this statement.

Options to subscribe for ordinary shares at an exercise price of S$0.04 per share pursuant to the Scheme were as follows:

	Number of options to subscribe At 31.12.2019	At 1.1.2019
Han Meng Siew	-	5,000,000
Jimmy Chang Joo Whut	-	3,000,000

During the financial year on 25 August 2019, the options have lapsed.

Share options

The Company implemented the Ntegrator Share Option Scheme (the "Scheme") in 2005 for granting of options to full-time employees and directors of the Company and its subsidiary corporations. The total number of ordinary shares over which the Company may grant under the Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Scheme shall be in force up to a maximum period of ten (10) years from the date on which the scheme was implemented. The Scheme may continue beyond the said stipulated period or terminated at any time with the approval of shareholders by way of an ordinary resolution passed at a general meeting and of relevant authorities which may then be required.

The Scheme is administered by the Remuneration Committee (the "RC") which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the RC as follows:

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or

(ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted with the exercise price set at Market Price shall only be exercisable after twelve (12) months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after twenty-four (24) months from the date of grant of that option. All options granted shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a non-executive director) of the date of grant of that option and subject to such other conditions as may be introduced by the RC from time to time.

Details of the options to subscribe for ordinary shares of the Company granted to directors, executive officers and employees of the Group pursuant to the Scheme described above are as follows:

Date of grant	Balance as at 1.1.2019	Granted during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31.12.2019	Exercise price	Exercisable period
25.08.2008	11,235,000	-	-	(11,235,000)	-	S$0.04	25.08.2009 to 25.08.2019

Share options (continued)

Details of the options to subscribe for ordinary shares of the Company granted to directors and executive officer of the Company pursuant to the Scheme were as follows:

	No. of unissued ordinary shares of the Company under option				
	Granted in financial year ended 31.12.2019	**Aggregate granted since commencement of the Scheme to 31.12.2019**	**Aggregate exercised since commencement of the Scheme to 31.12.2019**	**Aggregate lapsed since commencement of the Scheme to 31.12.2019**	**Aggregate outstanding as at 31.12.2019**
Name of directors					
Han Meng Siew [1]	-	6,000,000	(1,000,000)	(5,000,000)	-
Jimmy Chang Joo Whut [1]	-	6,000,000	(3,000,000)	(3,000,000)	-
Charles George St. John Reed [2]	-	1,250,000	(250,000)	(1,000,000)	-
Lai Chun Loong [2]	-	1,050,000	(1,050,000)	-	-
Lee Keen Whye [2]	-	800,000	(800,000)	-	-
	-	15,100,000	(6,100,000)	(9,000,000)	-
Name of executive officer					
Kenneth Sw Chan Kit [1]	-	6,000,000	(6,000,000)	-	-
Total	-	21,100,000	(12,100,000)	(9,000,000)	-

(1) The options granted to these directors and executive officer are exercisable from 25 August 2009 to 25 August 2019 at the exercise price of S$0.04.

(2) The options granted to these directors are exercisable from 25 August 2009 to 25 August 2019 at the exercise price of S$0.04.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST);
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut and Kenneth Sw Chan Kit as mentioned above has received 5% or more of the total options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

Performance share plan

The Company implemented the Ntegrator Performance Share Plan (the "PSP") in 2010 which was approved at the Extraordinary General Meeting ("EGM") held on 12 February 2010. The PSP provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to selected employees of the Company and/or its subsidiary corporations, including the directors of the Company, and other selected participants when and after pre-determined performance target(s) have been accomplished within the performance period.

The PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the PSP will help to achieve the following positive objectives:

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Group;

(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;

Performance share plan (continued)

The PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the PSP will help to achieve the following positive objectives: (continued)

(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and

(d) develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

The PSP is administered by the RC which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the PSP was adopted by the Company in EGM, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

(i) The Company may deliver shares pursuant to awards granted under the PSP by way of issuance of new shares; and/or

(ii) delivery of existing shares purchased from the market or shares held in treasury.

The total number of ordinary shares over which the Company may grant under the PSP shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

In 2010, a share award under the PSP was granted to employees and directors of the Group on 22 March 2010 in accordance with the approval by Shareholders at the EGM on 12 February 2010.

Details of the shares awarded under the PSP were as follows:

Date of grant	Categories	Number of person	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2019
22.03.2010	Employees	36	-	5,198,553
22.03.2010	Directors	9	-	6,150,000
		45	-	11,348,553*

* Total issuance including shares awarded to resigned directors and employees

Details of the shares awarded to directors and executive officers of the Group pursuant to the PSP were as follows:

	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2019
Name of directors		
Han Meng Siew	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000
Charles George St. John Reed	-	350,000
Lai Chun Loong	-	200,000
Lee Keen Whye	-	200,000
	-	4,750,000
Name of executive officer		
Kenneth Sw Chan Kit	-	2,000,000
Total	-	6,750,000

Performance share plan (continued)

Since the commencement of the PSP till the end of the financial year:

- No shares were awarded to the controlling shareholders of the Company and their associates; and
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut and Kenneth Sw Chan Kit as mentioned above has received 5% or more of the total shares available under the PSP.

The Company has not granted any awards under the PSP since the financial year ended 31 December 2011 till 31 December 2019.

The PSP had expired on 11 February 2020.

Audit committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Charles George St. John Reed	Chairman, Independent
Lai Chun Loong	Independent
Lee Keen Whye	Independent

The members of the AC comprises three members, all of whom are non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC:

- reviews the audit plans of the internal auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the internal auditors;
- reviews the annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- reviews the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technologies controls and risk management via reviews carried out by the internal auditor;
- reviews the assistance given by management to the independent auditor, and discusses problems and concerns, if any, arising from statutory audit, with the management;
- meets with the internal and independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviews the cost effectiveness, independence and objectivity of the independent auditor;
- reviews the nature and extent of non-audit services provided by the independent auditor;
- recommends to the Board of Directors the independent auditor to be nominated for re-appointment, approves the compensation of the independent auditor, and reviews the audit plan, scope and results of the audit;
- reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- reviews interested person transactions in accordance with the requirements of the Listing Manual of SGX-ST.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

8 April 2020

Independent Auditor's Report to the Members of Ntegrator International Ltd.

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 99.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
(Refer to Notes 2.2 and 4 to the financial statements)

<u>Area of focus</u>

For the financial year ended 31 December 2019, the Group generated total revenue of approximately S$30,240,000 arising from project sales, project management and maintenance services. Revenue is recognised when the Group satisfied a performance obligation by transferring a promised goods or service to the customer, which is when a customer obtains control of a goods or service (ie, upon acceptance by the customer). A performance obligation may be satisfied at a point in time or over time.

We focused on this area due to the magnitude and significant volume of transactions, and minor errors which could, in aggregate, have a material impact to the financial statements.

<u>How our audit addressed the area of focus</u>

In obtaining sufficient audit evidence, we have performed the following procedures:

- Understood, evaluated and validated the relevant key controls put in place by management over revenue recognition;
- Reviewed the significant contracts during the financial year to assess whether the revenue is recognised in accordance with the Group's accounting policies as disclosed in Note 2.2 to the financial statements;
- Performed substantive analytical procedures and verified the revenue recognised, including sales cut-off procedures as at financial year end to ensure that the revenue is recognised in the correct financial year; and
- Assessed the adequacy of revenue disclosures in the consolidated financial statements.

Key Audit Matters (continued)

Expected credit loss on financial assets
(Refer to Notes 2.10, 12 and 26(b) to the financial statements)

Area of focus

As at 31 December 2019, the financial assets that are exposed to credit risk are primarily from trade receivables and contract assets arising from project sales, project management and maintenance service revenue. The gross amount of these financial assets amounted to S$10,806,000, whereas the allowance for expected credit loss provided as at 31 December 2019 amounted to S$71,000.

With reference to SFRS(I) 9 *Financial Instruments*, the Group applies simplified approach (lifetime expected credit loss allowance). In determining the expected credit losses ("ECL"), the Group has considered the historical observed default rates, customer ability to repay and adjusted with available forward-looking information.

As the ECL assessment on trade receivables and contract assets required significant judgement and subjective assumptions in estimating the ECL, we determined this area to be a key audit matter.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we have performed the following procedures:

- Reviewed and assessed management's basis and assumptions used in the assessment of the ECL of trade receivables and contract assets;

- Reviewed the reasonableness of management estimation of ECL rates which is based on the probability of default of the trade receivables and contract assets by taking into consideration the historical observed default rates, customer's ability to repay and other relevant forward-looking information;

- Reviewed the recoverability of long outstanding trade receivables to the subsequent receipts and other supporting evidence; and

- Assessed the adequacy of ECL related disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Ntegrator International Ltd. (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Mr. Chin Chee Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

8 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 S$'000	2018 S$'000
Revenue	4	30,240	32,171
Cost of sales			
- Purchases of equipment and consumables		(23,277)	(24,612)
- Freight charges		(39)	(108)
- Commission and consultancy		(413)	(387)
- Changes in inventories		(29)	(35)
		(23,758)	(25,142)
Gross profit		6,482	7,029
Other income			
- Interest income from bank deposits		15	21
Other (losses)/gains – net			
- Impairment loss on financial assets		(63)	(8)
- Others	7	16	524
Expenses			
- Distribution and marketing		(133)	(122)
- Administrative		(9,271)	(8,730)
- Finance	8	(558)	(300)
Loss before income tax		(3,512)	(1,586)
Income tax credit	9	-	7
Net loss		(3,512)	(1,579)
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)/gains		(134)	205
Total comprehensive loss		(3,646)	(1,374)
Net loss attributable to:			
Equity holders of the Company		(1,982)	(888)
Non-controlling interests		(1,530)	(691)
		(3,512)	(1,579)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,116)	(683)
Non-controlling interests		(1,530)	(691)
		(3,646)	(1,374)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
- Basic	10(a)	(0.19)	(0.09)
- Diluted	10(b)	(0.19)	(0.09)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	2,436	6,946
Trade and other receivables	12	29,814	35,593
Inventories	13	372	313
		32,622	42,852
Non-current assets			
Property, plant and equipment	15	640	1,630
Right-of-use assets	16	2,056	-
Deferred income tax assets	20	776	785
		3,472	2,415
Total assets		36,094	45,267
LIABILITIES			
Current liabilities			
Trade and other payables	17	9,115	6,315
Borrowings	18	12,242	20,916
		21,357	27,231
Non-current liability			
Borrowings	18	704	357
Total liabilities		22,061	27,588
NET ASSETS		14,033	17,679
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	26,161	26,161
Treasury shares	21	(11)	(11)
Other reserves	22	(840)	(475)
Accumulated losses		(9,681)	(7,930)
		15,629	17,745
Non-controlling interests	14	(1,596)	(66)
Total equity		14,033	17,679

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Company 2019 S$'000	2018 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	57	276
Trade and other receivables	12	7,755	7,208
		7,812	7,484
Non-current asset			
Investments in subsidiary corporations	14	18,000	18,000
Total assets		25,812	25,484
LIABILITY			
Current liability			
Trade and other payables	17	500	383
NET ASSETS		25,312	25,101
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	26,161	26,161
Treasury shares	21	(11)	(11)
Other reserves	22	-	231
Accumulated losses	23	(838)	(1,280)
Total equity		25,312	25,101

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

		← Attributable to equity holders of the Company →							
	Note	**Share capital S$'000**	**Treasury shares S$'000**	**Employee share option reserve S$'000**	**Currency translation reserve S$'000**	**Accumulated losses S$'000**	**Total S$'000**	**Non-controlling interests S$'000**	**Total equity S$'000**
2019									
Beginning of financial year		26,161	(11)	231	(706)	(7,930)	17,745	(66)	17,679
Total comprehensive loss for the financial year		-	-	-	(134)	(1,982)	(2,116)	(1,530)	(3,646)
Share option lapsed		-	-	(231)	-	231	-	-	-
End of financial year		26,161	(11)	-	(840)	(9,681)	15,629	(1,596)	14,033
2018									
Beginning of financial year		25,794	(11)	231	(911)	(7,042)	18,061	625	18,686
Total comprehensive loss for the financial year		-	-	-	205	(888)	(683)	(691)	(1,374)
Share issue pursuant to:									
- Exercise of warrants	21	367	-	-	-	-	367	-	367
End of financial year		26,161	(11)	231	(706)	(7,930)	17,745	(66)	17,679

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019 S$'000	2018 S$'000
Cash flows from operating activities			
Net loss		(3,512)	(1,579)
Adjustments for:			
- Income tax credit	9	-	(7)
- Depreciation of property, plant and equipment	15	339	669
- Depreciation of right-of-use assets	16	1,041	-
- Impairment loss on financial assets		63	8
- Loss/(gain) on disposal of property, plant and equipment	7	2	(7)
- Interest expenses	8	558	300
- Interest income		(15)	(21)
- Property, plant and equipment written-off		2	38
- Unrealised currency translation (gains)/losses		(118)	599
		(1,640)	-
Change in working capital:			
- Inventories		(59)	35
- Trade and other receivables		5,760	7,194
- Trade and other payables		2,410	(7,549)
Cash generated from/(used in) operations		6,471	(320)
Interest received		15	21
Income tax refund		-	7
Net cash from/(used in) operating activities		6,486	(292)
Cash flows from investing activities			
Additions to property, plant and equipment		(278)	(110)
Proceeds from disposal of property, plant and equipment		5	7
Prepayment of leases		(21)	-
Net cash used in investing activities		(294)	(103)
Cash flows from financing activities			
Bank deposits discharged/(pledged)		827	(56)
Proceeds from issuance of ordinary shares, net of issuance costs	21	-	367
Proceeds from borrowings		1,317	1,146
Repayment of borrowings		(17,966)	(2,632)
Repayment of lease liabilities		(1,103)	-
Repayment of finance lease liabilities		-	(313)
Interest paid		(168)	(300)
Net cash used in financing activities		(17,093)	(1,788)
Net decrease in cash and cash equivalents		(10,901)	(2,183)
Cash and cash equivalents			
Beginning of financial year		3,430	5,673
Effects of currency translation on cash and cash equivalents		(15)	(60)
End of financial year	11	(7,486)	3,430

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

Reconciliation of liabilities arising from financing activities

	Beginning of financial year	Principal and interest proceeds/(payments)	Non-cash movement: Adoption of SFRS(I) 16	Non-cash movement: Addition	Non-cash movement: Interest expense	Non-cash movement: Foreign exchange movement	End of financial year
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
31 December 2019							
Bank borrowings	17,717	(16,528)	-	-	86	(9)	1,266
Trust receipts	207	(207)	-	-	-	-	-
Finance lease liabilities	660	-	(660)	-	-	-	-
Lease liabilities	-	(1,169)	2,628	239	66	(6)	1,758
Shareholder of a subsidiary corporation	200	(16)	-	-	16	-	200

	Beginning of financial year	Principal and interest proceeds/ (payments)	Non-cash movements: Addition	Non-cash movements: Interest expense	Non-cash movements: Foreign exchange movement	End of financial year
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
31 December 2018						
Bank borrowings	16,564	570	-	255	328	17,717
Trust receipts	2,498	(2,311)	-	-	20	207
Finance lease liabilities	627	(342)	344	29	2	660
Shareholder of a subsidiary corporation	200	(16)	-	16	-	200

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Ntegrator International Ltd. (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 4 Leng Kee Road, #06-04, SIS Building, Singapore 159088.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 14 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*:

Adoption of SFRS(I) 16 Leases

When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.15 to the financial statements.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(a) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(b) On a lease-by-lease basis, the Group has:
- (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (ii) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- (iii) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- (iv) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
- (v) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 Leases (continued)

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(a) On a lease-by-lease basis, the Group chose to measure its ROU assets at the amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to the ROU assets recognised in the statement of financial position as at 1 January 2019 discounted using the incremental borrowing rate at 1 January 2019 for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic. Accordingly, no adjustment was made to the Group's accumulated losses as at 1 January 2019 and comparative information was not restated.

(b) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/ (Decrease) S$'000
Property, plant and equipment	(920)
Right-of-use assets	2,888
Borrowings	1,968

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the statement of financial position as at 1 January 2019 are as follows:

	S$'000
Operating lease commitment disclosed as at 31 December 2018	1,341
Less: Short-term leases	(713)
Less: Discounting effect using weighted average incremental borrowing rate of 5.25%	(34)
Add: Extension options which are reasonably certain to be exercised	1,374
	1,968
Add: Finance lease liabilities recognised as at 31 December 2018	660
Lease liabilities recognised as at 1 January 2019	2,628

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) *Project sales*

System integration services substantially involve the procurement, design, integration and installation of voice, video and data communication equipment and networks. Each contract comprises of single performance obligation which is satisfied at a point in time. Revenue is recognised upon successful installation and acceptance of the project by the customer.

A receivable (financial asset) is recognised when the goods or services are delivered or rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Unbilled revenue is recognised when goods or services are delivered or rendered but has not been billed to customers.

For cost incurred for uncompleted contract are disclosed as other current asset in Note 2.9 to the financial statements.

(b) *Project management*

Each of project management contract comprises of a single performance obligation which is satisfied at a point in time. Revenue is recognised upon rendering of the service to the customer and upon completion of the project.

A receivable (financial asset) is recognised when the goods or services are delivered or rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Unbilled revenue is recognised when goods or services are delivered or rendered but has not been billed to customers.

For cost incurred for uncompleted contract are disclosed as other current asset in Note 2.9 to the financial statements.

(c) *Maintenance services*

Maintenance service is satisfied over a period of time as the customer simultaneously receives and consumes the benefits over the duration of the maintenance contract. Revenue is recognised upon rendering of the service to the customer over the duration of maintenance contracts.

Maintenance revenue that is billed in advance of the services being rendered is deferred as contract liabilities on the statement of financial position and recognised as revenue when the services has been provided over the contractual period.

Contract assets represent the cost incurred to-date in relation to the maintenance contract. Contract assets will be charged out to profit or loss over the duration of the maintenance contract.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable 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 receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2. Significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) 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 to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net assets of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired, is recorded as goodwill.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Office equipment	5 years
Computers	3 years
Telephones	5 years
Software	3 years
Motor vehicles	10 years
Demo and site equipment	5 years
Furniture	5 years
Fittings	2 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at end of each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the consolidated financial statements.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/ gains – net".

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets
Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations

Property, plant and equipment, right-of-use assets and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the assets is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2. Significant accounting policies (continued)

2.9 Other current assets

Other current assets, comprise costs incurred in fulfilling a contract with a customer, are recognise only if (a) these costs relate directly to a contract or to an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (c) the costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

The assets recognised are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of these other current assets exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as amortised costs.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, bills receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has applied general approach the other financial assets carried at amortised cost.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(c) Recognition and derecognition

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

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

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities of goods and services provided to the Group prior to the end of financial year which are unpaid. They 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. Otherwise, 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. Significant accounting policies (continued)

2.15 Leases

(a) The accounting policy for leases *before 1 January 2019* is as follows:

When the Group is the lessee:

The Group leases certain property, plant and equipment under finance leases and leases office equipment and commercial property such as offices and warehouses under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) The accounting policy for leases *from 1 January 2019* is as follows:

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the later of the commencement date or 1 January 2019 to the end of the lease term. If the right-of-use asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful lives of the asset. The lease terms and estimated useful lives are as follows:

	Lease terms/estimated useful lives
Property	2 years
Office equipment	4 years
Motor vehicles	10 years
Demo and site equipment	5 years

2. Significant accounting policies (continued)

2.15 Leases (continued)

(b) The accounting policy for leases *from 1 January 2019* are as follows: (continued)

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or are recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.16 Inventories

Inventories comprise of materials and supplies to be consumed in the rendering of system integration services and project sales. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprise of materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in rendering of system integration services and project sales, less the applicable costs of conversion to complete the services and project sales, and applicable variable selling expenses.

2. Significant accounting policies (continued)

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to 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 reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

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

2.18 Provisions for other liabilities and charges

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

2.19 Employee compensation

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

(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.

2. Significant accounting policies (continued)

2.19 Employee compensation (continued)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees.

(c) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity’s share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) Short-term compensated balances

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

(e) Bonus plan

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company’s shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

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 are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 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. Bank overdrafts are presented as current borrowings on the statement of financial position. 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. Significant accounting policies (continued)

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions 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.

3.1 Critical accounting estimates and assumptions

Expected credit loss on financial assets

As at 31 December 2019, the financial assets that are exposed to credit risk are primarily from trade receivables, bill receivables, and contract assets arising from project sales, project management and maintenance contract revenue. The gross amount of these financial assets amounted to S$10,806,000 (2018: S$18,761,000). Accordingly, the allowance for expected credit loss provided as at 31 December 2019 amounted to S$71,000 (2018: S$8,000).

With reference to SFRS(I) 9 *Financial Instruments*, the Group applies simplified approach (lifetime expected credit loss allowance). In determining the expected credit losses ("ECL"), the Group has considered the historical observed default rates, customer ability to repay and adjusted with available forward-looking information.

The Group's credit risk exposure for trade receivables, bills receivables, and contract assets are set out in Note 26(b) to the financial statements.

3.2 Critical judgements in applying the entity's accounting policies

Deferred income tax assets

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised.

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical judgements in applying the entity's accounting policies (continued)

Deferred income tax assets (continued)

A deferred tax asset is recognised for tax losses and donations carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations.

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses of S$15,434,000 (2018: S$12,766,000), capital allowances of S$1,486,000 (2018: S$911,000) and donations of S$568,000 (2018: S$520,000) carried forward at the reporting date.

If the tax authority regards the entities within the Group as not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses and donations will be forfeited.

4. Revenue

(a) *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product line.

	Group		
	At a point in time S$'000	Over time S$'000	Total S$'000
2019			
Project sales	6,178	-	6,178
Project management	21,722	-	21,722
Maintenance services	-	2,340	2,340
	27,900	2,340	30,240
2018			
Project sales	8,453	-	8,453
Project management	21,505	-	21,505
Maintenance services	-	2,213	2,213
	29,958	2,213	32,171

(b) *Contract assets and liabilities*

	Group	
	2019 S$'000	2018 S$'000
Contract assets		
- Maintenance services (Note 12)	112	474
Contract liabilities		
- Maintenance services (Note 17)	325	315

Contract assets represent the Group's cost incurred to-date in relation to the maintenance contracts.

Contract liabilities represent the Group's collection in advance but work has yet to be completed. During the current financial year, the Group has recognised revenue amounting to S$303,000 (2018: S$335,000) that was included in the contract liability balance at the beginning of the financial year.

4. Revenue (continued)

(c) *Assets recognised from costs to fulfil contracts*

	Group	
	2019 S$'000	2018 S$'000
Other current assets (Note 12)	1,657	1,503

Other current assets represent the direct costs incurred to fulfil contracts for project sales and project management which has yet to complete as at 31 December 2019.

5. Expenses by nature

	Group	
	2019 S$'000	2018 S$'000
Auditors' remuneration		
Fees on audit services paid/payable to:		
- Auditor of the Company	86	83
- Other auditors	1	5
Fees on non-audit services paid/payable to:		
- Other auditors	29	25
Bank charges	159	171
Depreciation of property, plant and equipment (Note 15)	339	669
Depreciation of right-of-use assets (Note 16)	1,041	-
Directors' fees	177	184
Employee compensation (Note 6)	6,273	5,568
Entertainment	35	65
Inventories written down (Note 13)	-	93
Other professional fees	120	145
Rental expense	119	809
Marketing expenses	133	122
Sponsorship fees	108	145
Telephone and internet	71	69
Trade receivables written-off	2	5
Others	711	694
Total distribution and marketing and administrative expenses	9,404	8,852

6. Employee compensation

	Group	
	2019 S$'000	2018 S$'000
Wages and salaries	4,896	4,481
Employer's contribution to defined contribution plans including Central Provident Fund	451	473
Other short-term benefits	926	614
	6,273	5,568

7. Other gains – net

	Group 2019 S$'000	Group 2018 S$'000
Currency exchange (losses)/gains – net	(88)	299
Government grants	68	210
Miscellaneous claims	40	44
(Loss)/gain on disposal of property, plant and equipment	(2)	7
Property, plant and equipment written-off	(2)	(38)
Others	-	2
	16	524

8. Finance expenses

	Group 2019 S$'000	Group 2018 S$'000
Interest expense		
- Bank borrowings	476	255
- Lease liabilities	66	-
- Finance lease liabilities	-	29
- Shareholder of a subsidiary corporation	16	16
	558	300

9. Income tax credit

	Group 2019 S$'000	Group 2018 S$'000
Tax credit attributable to loss is made up of:		
- Loss for the financial year:		
Current income tax		
- Singapore	-	-
- Foreign	-	(7)
	-	(7)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group 2019 S$'000	Group 2018 S$'000
Loss before income tax	(3,512)	(1,586)
Tax calculated at tax rate 17% (2018: 17%)	(597)	(270)
Effects of:		
- Different tax rates in other countries	-	(1)
- Tax incentives	-	(16)
- Expenses not deductible for tax purposes	41	115
- Income not subject to tax	-	(12)
- Deferred tax assets not recognised - net	556	180
- Other	-	(3)
	-	(7)

10. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2019	2018
Net loss attributable to equity holders of the Company (S$'000)	(1,982)	(888)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,065,395	1,041,649
Basic loss per share (cent per share)	(0.19)	(0.09)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in respect of share options.

For share options and warrants, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

Diluted loss per share attributable to equity holders of the Company are calculated as follows:

	2019	2018
Net loss attributable to equity holders of the Company and used to determine diluted earnings per share (S$'000)	(1,982)	(888)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,065,395	1,041,649
Adjustments for ('000)		
- Share options	-	11,235
	1,065,395	1,052,884
Diluted loss per share (cent per share)	(0.19)*	(0.09)*

* As loss was recorded, the dilutive potential shares from share options are anti-dilutive and no changes is made to the diluted loss per share.

11. Cash and cash equivalents

	Group	
	2019 S$'000	2018 S$'000
Cash at bank and on hand	2,436	6,119
Short-term bank deposits	-	827
	2,436	6,946

	Company	
	2019 S$'000	2018 S$'000
Cash at bank and on hand	57	276

11. Cash and cash equivalents (continued)

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

	Group	
	2019 S$'000	2018 S$'000
Cash and bank balances of the Group (as above)	2,436	6,946
Less: Bank deposits pledged	-	(827)
Less: Bank overdraft (Note 18)	(9,922)	(2,689)
Cash and cash equivalents per consolidated statement of cash flows	(7,486)	3,430

Bank deposits as at 31 December 2018 are pledged in relation to the security granted for certain borrowings (Note 18).

12. Trade and other receivables

	Group	
	2019 S$'000	2018 S$'000
Trade receivables		
- Non-related parties	10,694	3,004
Bills receivables	-	15,283
	10,694	18,287
Less: Allowance for impairment of trade receivables – non-related parties	(71)	(8)
Net trade and bills receivables	10,623	18,279
Contract assets (Note 4b)	112	474
Unbilled revenue	15,879	13,934
Other receivables		
- Non-related parties	51	47
Other current assets (Note 4c)	1,657	1,503
Deposits	941	868
Prepayments	551	488
	29,814	35,593

	Company	
	2019 S$'000	2018 S$'000
Other receivables		
- Subsidiary corporations	7,719	7,174
Prepayments	36	34
	7,755	7,208

The amounts due from subsidiary corporations are non-trade in nature, unsecured, interest-free and repayable on demand.

13. Inventories

	Group	
	2019 S$'000	2018 S$'000
Voice, video and data communication equipment	372	313

The cost of inventories recognised as an expense and included as part of "Cost of sales" amounts to S$23,306,000 (2018: S$24,647,000).

The Group has recognised a write-down on its slow-moving inventories amounting to S$Nil (2018: S$93,000) (Note 5).

14. Investments in subsidiary corporations

	Company 2019 S$'000	Company 2018 S$'000
Equity investments at cost		
Beginning and end of financial year	18,000	18,000

The Group had the following subsidiary corporations as at 31 December 2019 and 2018:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company 2019 %	Proportion of ordinary shares held by the Company 2018 %	Proportion of ordinary shares held by the Group 2019 %	Proportion of ordinary shares held by the Group 2018 %	Proportion of ordinary shares held by non-controlling interests 2019 %	Proportion of ordinary shares held by non-controlling interests 2018 %
Ntegrator Pte Ltd [1]	To provide system integration services of voice, video and data communication networks and building construction cable/civil works for underground, road and inbuilding	Singapore	100	100	100	100	-	-
Held by Ntegrator Pte Ltd								
Fiber Reach Pte. Ltd. [1]	To provide building construction NEC (fiber patching, splicing, installation and maintenance)	Singapore	-	-	60	60	40	40
Ntegrator Myanmar Limited [2][3]	To provide system integration services, maintenance and support services in connection with network infrastructure in Myanmar	Myanmar	-	-	-	100	-	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.
(2) Reviewed by Nexia TS Public Accounting Corporation, for consolidation purpose.
(3) Ntegrator Myammar Limited has placed under member's voluntary winding up with effect from 7 March 2019.

Carrying value of non-controlling interests

	2019 S$'000	2018 S$'000
Equity investments at cost		
Fiber Reach Pte. Ltd.	(1,596)	(66)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2019 and 2018.

14. Investments in subsidiary corporations (continued)

Summarised statement of financial position

	Fiber Reach Pte. Ltd.	
	2019	**2018**
	S$'000	**S$'000**
Current		
Assets	12,639	10,082
Liabilities	(18,396)	(11,463)
Total current net liabilities	(5,757)	(1,381)
Non-current		
Assets	2,208	1,541
Liabilities	(442)	(325)
Total non-current net assets	1,766	1,216
Net liabilities	(3,991)	(165)

Summarised statement of comprehensive income

	Fiber Reach Pte. Ltd. For the financial year ended 31 December	
	2019	**2018**
	S$'000	**S$'000**
Revenue	18,816	19,035
Loss before income tax	(3,826)	(1,727)
Income tax credit	-	-
Total comprehensive loss	(3,826)	(1,727)
Total comprehensive loss allocated to non-controlling interests	(1,530)	(691)

Summarised cash flows

	Fiber Reach Pte. Ltd. For the financial year ended 31 December	
	2019	**2018**
	S$'000	**S$'000**
Cash flows from operating activities		
Cash generated from operations	771	1,304
Income tax paid	-	-
Net cash generated from operating activities	771	1,304
Net cash used in investing activities	(268)	(73)
Net cash used in financing activities	(939)	(905)
Net (decrease)/increase in cash and cash equivalents	(436)	326
Cash and cash equivalents at beginning of the financial year	1,388	1,062
Cash and cash equivalents at end of financial year	952	1,388

15. Property, plant and equipment

	Office equipment S$'000	Computers S$'000	Telephones S$'000	Software S$'000	Motor vehicles S$'000	Demo and site equipment S$'000	Furniture S$'000	Fittings S$'000	Total S$'000
Group									
2019									
Cost									
Beginning of financial year	324	756	12	343	307	3,398	128	310	5,578
Transfer to right-of-use assets	-	-	-	-	(192)	(1,104)	-	-	(1,296)
Currency translation differences	(6)	(9)	1	(7)	-	(7)	(2)	(3)	(33)
Additions	11	54	-	29	37	145	1	1	278
Disposal	-	-	-	-	(40)	-	-	-	(40)
Write-off	(5)	(41)	(6)	(1)	-	(86)	(10)	(14)	(163)
End of financial year	324	760	7	364	112	2,346	117	294	4,324
Accumulated depreciation									
Beginning of financial year	231	686	12	327	111	2,176	113	292	3,948
Transfer to right-of-use assets	-	-	-	-	(46)	(330)	-	-	(376)
Currency translation differences	(4)	(9)	1	(3)	(3)	(10)	(1)	(4)	(33)
Depreciation charge (Note 5)	36	51	-	16	27	187	5	17	339
Disposal	-	-	-	-	(33)	-	-	-	(33)
Write-off	(5)	(41)	(6)	(1)	-	(84)	(10)	(14)	(161)
End of financial year	258	687	7	339	56	1,939	107	291	3,684
Net book value									
End of financial year	66	73	-	25	56	407	10	3	640
2018									
Cost									
Beginning of financial year	329	744	12	342	326	3,158	123	298	5,332
Currency translation differences	6	13	-	5	2	14	2	4	46
Additions	8	20	-	3	3	409	3	8	454
Disposal	-	-	-	-	-	(23)	-	-	(23)
Write-off	(19)	(21)	-	(7)	(24)	(160)	-	-	(231)
End of financial year	324	756	12	343	307	3,398	128	310	5,578
Accumulated depreciation									
Beginning of financial year	204	649	12	305	77	1,849	106	249	3,451
Currency translation differences	5	12	-	5	1	15	2	4	44
Depreciation charge (Note 5)	41	45	-	23	43	473	5	39	669
Disposal	-	-	-	-	-	(23)	-	-	(23)
Write-off	(19)	(20)	-	(6)	(10)	(138)	-	-	(193)
End of financial year	231	686	12	327	111	2,176	113	292	3,948
Net book value									
End of financial year	93	70	-	16	196	1,222	15	18	1,630

In 2018, included within additions in the property, plant and equipment are site equipment acquired under finance leases amounting to S$344,000.

As at 31 December 2018, the carrying amounts of site equipment and motor vehicles held under finance leases are S$850,000 and S$78,000 respectively. From 1 January 2019 onwards, right-of-use assets acquired under leasing arrangement are presented in Note 16 to the financial statements.

16. Right-of-use assets

	Property S$'000	Office equipment S$'000	Motor vehicles S$'000	Demo and site equipment S$'000	Total S$'000
Group					
2019					
Cost					
Beginning of financial year	-	-	-	-	-
Adoption of SFRS(I) 16:					
- Lease previously classified as operating lease	1,774	194	-	-	1,968
- Transfer from property, plant and equipment, previously classified as finance lease (Note 15)	-	-	192	1,104	1,296
	1,774	194	192	1,104	3,264
Currency translation differences	(7)	(2)	(1)	-	(10)
Additions	71	-	-	145	216
End of financial year	1,838	192	191	1,249	3,470
Accumulated depreciation					
Beginning of financial year	-	-	-	-	-
Adoption of SFRS(I) 16:					
- Transfer from property, plant and equipment, previously classified as finance lease (Note 15)	-	-	46	330	376
Currency translation differences	(3)	-	-	-	(3)
Depreciation charge (Note 5)	730	53	19	239	1,041
End of financial year	727	53	65	569	1,414
Net book value					
End of financial year	1,111	139	126	680	2,056

Property

The Group leases office space, dormitory and warehouse for the purpose of back office operations, housing for workers and storage of goods and equipment respectively.

Office equipment

The Group leases office equipment for the purpose of back office operations.

Motor vehicles

The Group leases motor vehicles for transport of workers and equipment to work site as part of daily operations.

Site equipment

The Group leases site equipment for its daily operations which include cable works for underground, cable patching and splicing.

(a) Interest expense

	2019 S$'000
Interest expense on lease liabilities	66

16. Right-of-use assets (continued)

(b) Lease expense not capitalised in lease liabilities

	2019 S$'000
Lease expense – short-term leases (Note 5)	119

(c) Total cash outflow for all leases in 2019 was S$1,283,000.

17. Trade and other payables

	Group	
	2019 S$'000	2018 S$'000
Trade payables		
- Non-related parties	3,043	1,902
Bills payables	2,445	553
Contract liabilities (Note 4b)	325	315
Other payables		
- Non-related parties	680	487
- Shareholder of a subsidiary corporation	200	200
	880	687
Accruals:		
- Project costs	419	892
- Operating expenses	1,369	1,415
Advance from customers	634	551
	9,115	6,315

	Company	
	2019 S$'000	2018 S$'000
Trade payables		
- Non-related parties	208	186
Accruals for operating expenses	292	197
	500	383

Other payables comprised of non-trade amounts due to shareholder of a subsidiary corporation bear interest of 8% (2018: 8%) per annum, unsecured and repayable on demand.

Contract liabilities

Contract liabilities represent maintenance services revenue received in advance.

Bills payables

These payables have an average maturity of 120-180 (2018: 120-180) days. These payables are denominated in United States Dollar.

18. Borrowings

	Group	
	2019 S$'000	2018 S$'000
Current		
Bank overdraft (Note 11)	9,922	2,689
Bank borrowings	1,266	17,717
Finance lease liabilities (Note 19)	-	303
Lease liabilities	1,054	-
Trust receipts	-	207
	12,242	20,916
Non-current		
Finance lease liabilities (Note 19)	-	357
Lease liabilities	704	-
Total borrowings	12,946	21,273

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	Group	
	2019 S$'000	2018 S$'000
6 months or less	11,188	20,613

(a) Securities granted

Bank overdraft, bank borrowings and trust receipts drawn by the respective subsidiary corporations are guaranteed by the Company. Certain bank borrowings of the Group are secured over certain bank deposits (Note 11). Finance lease liabilities of the Group are effectively secured over the leased plant and equipment (Note 15), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities. These leased plant and equipment were reclassified to right-of-use assets (Note 16) on 1 January 2019 arising from the adoption of SFRS (I) 16.

(b) Breach of loan covenants

Some of the Group's loan arrangements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios.

31 December 2019
There is no non-adherence of covenant clauses noted as at 31 December 2019.

31 December 2018
The Group did not fulfil its banks' key financial ratio of maintaining a minimum interest coverage ratio of 4 times.

Due to this breach of covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of S$4.4 million. Accordingly, the outstanding balance was presented as a current liability as at 31 December 2018.

The management has obtained the approval from the relevant bank to waive the above in 2018.

19. Finance lease liabilities

As at 31 December 2018, the Group leases certain plant and equipment from non-related parties under finance lease. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

19. Finance lease liabilities (continued)

	Group 2018 S$'000
Minimum lease payments due	
- Not later than one year	323
- Between one and five years	370
	693
Less: Future finance charges	(33)
Present value of finance lease liabilities	660

The present values of finance lease liabilities are analysed as follows:

	Group 2018 S$'000
Not later than one year (Note 18)	303
Between one and five years	357
Total	660

20. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2019 S$'000	2018 S$'000
Deferred income tax assets		
- To be recovered after one year	(776)	(785)

Movement in deferred income tax account is as follows:

	Group	
	2019 S$'000	2018 S$'000
Beginning of financial year	(785)	(771)
Currency translation differences	9	(14)
End of financial year	(776)	(785)

Deferred income tax assets are recognised for tax losses and donations carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$10,979,000 (2018: S$8,283,000), capital allowances of S$813,000 (2018: S$284,000) and donations of S$568,000 (2018: S$520,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation.

Movement in deferred income tax assets is as follows:

Deferred income tax assets

	Group Tax losses	
	2019 S$'000	2018 S$'000
Beginning of financial year	(785)	(771)
Currency translation differences	9	(14)
End of financial year	(776)	(785)

21. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital S$'000	Treasury shares S$'000
Group and Company				
At 31 December 2019				
Beginning and end of financial year	1,065,646,234	(251,000)	26,161	(11)
At 31 December 2018				
Beginning of financial year	1,028,938,260	(251,000)	25,794	(11)
Shares issued pursuant to:				
- Exercise of warrants	36,707,974	-	367	-
End of financial year	1,065,646,234	(251,000)	26,161	(11)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares (except for treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

In prior financial year ended 31 December 2018, a total of 36,707,974 shares were issued respectively, pursuant to exercise of 36,707,974 warrants at S$0.01 per share under W181123. W181123 warrants had expired on 23 November 2018 and there is no other outstanding warrant as at 31 December 2019 and 2018.

The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) *Treasury shares*

The Company did not acquire any of its shares in the open market during the financial years ended 31 December 2019 and 2018.

(b) *Share options*

The Company implemented the Ntegrator Share Option Scheme (the "Scheme") in 2005 for granting of options to full-time employees and directors of the Company and its subsidiary corporations. The total number of ordinary shares over which the Company may grant under the Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Scheme is administered by the RC which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the RC as follows:

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or

(ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted with the exercise price set at Market Price shall only be exercisable after twelve (12) months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after twenty-four (24) months from the date of grant of that option. All options granted shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a non-executive director) of the date of grant of that option and subject to such other conditions as may be introduced by the RC from time to time.

21. Share capital and treasury shares (continued)

(b) *Share options* (continued)

Details of the options to subscribe for ordinary shares of the Company granted to directors, executive officers and employees of the Group pursuant to the Scheme described above are as follows:

	No. of ordinary shares under option						
	Balance as at 1 January	**Granted during the financial year**	**Exercised during the financial year**	**Lapsed during the financial year**	**Balance as at 31 December**	**Exercise price**	**Exercisable period**
2019							
Executive directors	8,000,000	-	-	8,000,000	-	S$0.04	25.08.2009 to 25.08.2019[1]
Key management personnel	2,000,000	-	-	2,000,000	-		
Employees	1,235,000	-	-	1,235,000	-		
	11,235,000	-	-	11,235,000	-		
2018							
Executive directors	8,000,000	-	-	-	8,000,000	S$0.04	25.08.2009 to 25.08.2019[1]
Key management personnel	2,000,000	-	-	-	2,000,000		
Employees	1,235,000	-	-	-	1,235,000		
	11,235,000	-	-	-	11,235,000		

The share options have lapsed during the financial year due to the expiry of these options.

[1] The fair value of equity share options as at the date of grant is estimated by an external valuer using a trinomial option pricing model in the BEOVM to estimate the fair value of the options as at the date of grant, 25 August 2008.

BEOVM Parameters

The actual parameters applied in the BEOVM to estimate the fair values of the Options as at the date of grant are shown below:

Date of Grant	Vesting Date	Estimated Exercise Date	Subscription Price (S$)	Last Traded Price (S$)	Estimated Volatility (%)	Risk-free Rate (%)
25-Aug-08	25-Aug-09	25-Aug-10	0.04	0.04	100	1.145

(c) *Performance share plan*

The Company implemented the Ntegrator Performance Share Plan (the "PSP") in 2010 which was approved at the Extraordinary General Meeting ("EGM") held on 12 February 2010. The PSP provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to selected employees of the Company and/or its subsidiary corporations, including the directors of the Company, and other selected participants when and after pre-determined performance target(s) have been accomplished within the performance period.

21. Share capital and treasury shares (continued)

(c) *Performance share plan* (continued)

The PSP is a share incentive scheme which will allow the Company, inter alia, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the PSP will help to achieve the following positive objectives:

(i) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Group;
(ii) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;
(iii) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and
(iv) develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

The PSP is administered by the RC which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the PSP was adopted by the Company in EGM, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the PSP by way of:

i) issuance of new shares; and/or

(ii) delivery of existing shares purchased from the market or shares held in treasury.

The total number of ordinary shares over which the Company may grant under the PSP shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

In 2010, a share award under the PSP was granted to employees and directors of the Group on 22 March 2010 in accordance with the approval by Shareholders at the EGM on 12 February 2010.

Details of the shares awarded pursuant to the PSP were as follows:

	Shares awarded during the financial year 2019	**Aggregate shares awarded since the commencement of the PSP to 31.12.2019**	**Shares awarded during the financial year 2018**	**Aggregate shares awarded since the commencement of the PSP to 31.12.2018**
Name of directors				
Han Meng Siew	-	2,000,000	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000	-	2,000,000
Charles George St. John Reed	-	350,000	-	350,000
Lai Chun Loong	-	200,000	-	200,000
Lee Keen Whye	-	200,000	-	200,000
	-	4,750,000	-	4,750,000
Name of executive officer				
Kenneth Sw Chan Kit	-	2,000,000	-	2,000,000
Employees	-	1,314,214	-	1,314,214
Total	-	8,064,214	-	8,064,214

21. Share capital and treasury shares (continued)

(c) *Performance share plan* (continued)

Since the commencement of the PSP till the end of the financial year ended 31 December 2019:

- No shares were granted to the controlling shareholders of the Company and their associates; and
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut and Kenneth Sw Chan Kit as mentioned above has received 5% or more of the total shares available under the PSP.

The Company has not granted any awards under the PSP since the financial year ended 31 December 2011 till 31 December 2019. The PSP has subsequently expired on 11 February 2020.

22. Other reserves

(a) *Composition:*

	Group	
	2019	**2018**
	S$'000	**S$'000**
Share option reserve	-	231
Currency translation reserve	(840)	(706)
	(840)	(475)

	Company	
	2019	**2018**
	S$'000	**S$'000**
Share option reserve	-	231

Other reserves are non-distributable.

(b) *Movements:*

(i) *Share option reserve*

	Group and Company	
	2019	**2018**
	S$'000	**S$'000**
Beginning of financial year	231	231
Share option lapsed	(231)	-
End of financial year	-	231

(ii) *Currency translation reserve*

	Group	
	2019	**2018**
	S$'000	**S$'000**
Beginning of financial year	(706)	(911)
Net currency translation differences of financial statements of foreign subsidiary corporations	(134)	205
End of financial year	(840)	(706)

23. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2019 S$'000	2018 S$'000
Beginning of financial year	(1,280)	(1,392)
Net profit	211	112
Share option lapsed	231	-
End of financial year	(838)	(1,280)

24. Contingencies

Corporate guarantees

The Company has issued corporate guarantees amounting to S$38.3 million (2018: S$37.4 million) to banks for borrowings of its subsidiary corporations. These bank borrowings of the subsidiary corporations amounted to S$11.2 million (2018: S$20.6 million) at the reporting date.

The Company has evaluated that the fair values of the corporate guarantees are not material and is of the view that the consequential liabilities derived from its guarantees to the banks with regard to the subsidiary corporations are minimal. The subsidiary corporations for which the guarantees were provided are in favourable equity positions, with no default in the payment of borrowings and credit facilities.

25. Commitments

Operating lease commitments – where the Group is a lessee

The Group leases office equipment and commercial property such as offices and warehouses from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group 2018 S$'000
Not later than one year	1,171
Between one and five years	170
	1,341

As disclosed in Note 2.1, the Group has adopted SFSR(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low value leases.

26. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

26. Financial risk management (continued)

Financial risk factors (continued)

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identifies and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Financial Controller. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Vietnam and Myanmar. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currency such as the United States Dollar ("USD").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations has been monitored throughout the year and the impacts to the Group's financial statements are not significant.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	USD S$'000	Other S$'000	Total S$'000
At 31 December 2019				
Financial assets				
Cash and cash equivalents	1,254	1,180	2	2,436
Trade and other receivables	25,958	1,648	-	27,606
Receivables from subsidiary corporations	29,929	-	-	29,929
	57,141	2,828	2	59,971
Financial liabilities				
Trade and other payables	4,772	3,339	45	8,156
Borrowings	12,946	-	-	12,946
Payables to subsidiary corporations	29,929	-	-	29,929
	47,647	3,339	45	51,031
Net financial assets/(liabilities)	9,494	(511)	(43)	8,940
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**9,156**	**2**	**(42)**	**9,116**

26. Financial risk management (continued)

(a) *Market risk* (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	Other S$'000	Total S$'000
At 31 December 2018				
Financial assets				
Cash and cash equivalents	3,885	3,059	2	6,946
Trade and other receivables	17,894	15,708	-	33,602
Receivables from subsidiary corporations	21,449	-	-	21,449
	43,228	18,767	2	61,997
Financial liabilities				
Trade and other payables	4,137	1,309	3	5,449
Borrowings	7,904	13,369	-	21,273
Payables to subsidiary corporations	21,449	-	-	21,449
	33,490	14,678	3	48,171
Net financial assets/(liabilities)	9,738	4,089	(1)	13,826
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**10,923**	**2**	**(1)**	**10,924**

The Company is not exposed to currency risk since all its financial assets and liabilities as at 31 December 2019 and 31 December 2018 are denominated in Singapore Dollar.

If the foreign currencies change against the SGD decrease/increase by 1.4% (2018: 2.0%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position on the Group's loss after tax are not significant.

(ii) Price risk

The Group does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank overdrafts and borrowings at floating interest rate. The Group manages its interest rate risks by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD. If the USD interest rates had increased/decreased by 0.5% (2018: 0.5%) with all other variables including tax rate being held constant, the (loss)/profit after tax would have been lower/higher by S$54,000 (2018: S$87,000) respectively as a result of higher/lower interest expense on these borrowings.

26. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are cash and cash equivalents and trade and other receivables. The Group's and the Company's exposure to credit risk arises primary from trade and other receivables. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Cash and cash equivalents are subject to immaterial credit loss as cash are mainly placed at banks with high credit-rating.

It is also the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Customers with high credit risks are required either to pay on cash term, make advance payments or issue letter of credits. The Group trades only with recognised, creditworthy and secured third parties, there is no requirement for collateral. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has concentration of credit risk with customers, who are foreign government agencies, for whom it has completed several network infrastructure projects. These customers have made an arrangement with a financial institution in its own country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. As at 31 December 2019, the total amount of the irrevocable letters of credit issued in favour of the Group amounted to S$Nil (2018: S$15,283,000), which are classified as bills receivables (Note 12), and represents 0% (2018: 84%) of the total trade and bills receivables of the Group as at that date.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position, except as follows:

	Group	
	2019 S$'000	2018 S$'000
Corporate guarantees provided to banks on subsidiary corporation's loans (Note 24)	11,188	20,613

The trade and bills receivables of the Group comprise of three debtors (2018: three debtors) that individually represented 3% - 81% (2018: 3% - 81%) of trade and bills receivables.

The credit risk for trade and bills receivables based on the information provided to key management is as follows:

	Group	
	2019 S$'000	2018 S$'000
By geographical areas		
Singapore	9,235	2,850
Myanmar	3	-
Vietnam	1,385	15,283
Other	-	146
	10,623	18,279
By types of customers		
Non-related parties		
- Government agencies	44	15,297
- Other companies	10,579	2,982
	10,623	18,279

26. Financial risk management (continued)

(b) *Credit risk* (continued)

Expected credit loss for financial assets

The Group uses a provision matrix to measure the lifetime expected credit loss ("ECL") allowance for trade receivables, bills receivables and contract assets as these items do not have significant financing components.

Trade receivables, bills receivables and contract assets are grouped based on shared credit risk characteristics and days past due to measure the lifetime ECL by reference to the Group's historical observed default rates, customer's ability to pay and adjusted with forward looking information. The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

Trade receivables, bills receivables and contract assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, bills receivables and contract assets have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables, bills receivables and contract assets as at 31 December 2019 and 2018 are set out follows.

	Current S$'000	Within 30 days S$'000	30 to 60 days S$'000	60 to 90 days S$'000	91 to 120 days S$'000	More than 120 days S$'000	Total S$'000
Group							
At 31 December 2019							
Trade receivables	3,893	3,469	1,569	1,366	160	237	10,694
Contract assets	-	-	-	-	-	112	112
Gross amount	3,893	3,469	1,569	1,366	160	349	10,806
Loss allowance	-	-	-	-	-	(71)	(71)
Net amount	3,893	3,469	1,569	1,366	160	278	10,735
At 31 December 2018							
Trade receivables	1,594	1,019	42	60	30	259	3,004
Bills receivables	-	-	-	-	-	15,283	15,283
Contract assets	-	-	-	-	-	474	474
Gross amount	1,594	1,019	42	60	30	16,016	18,761
Loss allowance	-	-	-	-	-	(8)	(8)
Net amount	1,594	1,019	42	60	30	16,008	18,753

The movements in credit loss allowance are as follows:

	Group 2019 S$'000	Group 2018 S$'000
Beginning of financial year	8	-
Impairment loss recognised in profit or loss during the financial year	63	8
End of financial year	71	8

No other loss allowance are recognised as the management believes that the amounts that are past due are collectible, based on historical payment behavior and credit-worthiness of the customers.

26. Financial risk management (continued)

(b) Credit risk (continued)

Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost mainly comprised of deposits, other receivable from non-related parties, and other receivables from subsidiary corporations. These other financial assets are subject to immaterial credit loss.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial 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 other receivables to engage in a repayment plan with the group, and a failure to make contractual payments.

As at 31 December 2019 and 2018, no loss allowance are recognised as the management believes that the amounts that are collectible, based on historical payment behaviour and credit-worthiness of the other receivables. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents and short-term deposits as disclosed in Note 11.

Management monitors rolling forecasts of the liquidity reserve, comprises of undrawn borrowing facility and cash and cash equivalents (Note 11) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

26. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000
Group			
At 31 December 2019			
Trade and other payables	8,156	-	-
Borrowings	12,242	575	149
At 31 December 2018			
Trade and other payables	5,449	-	-
Borrowings	20,916	248	121
Company			
At 31 December 2019			
Trade and other payables	500	-	-
Financial guarantee contracts	11,188	-	-
At 31 December 2018			
Trade and other payables	383	-	-
Financial guarantee contracts	20,613	-	-

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a debt-equity ratio. Additionally, the Group is also required by the banks to maintain a debt-equity ratio of not exceeding 3.0 times (2018: 3.0 times).

The debt-equity ratio is calculated as total liabilities divided by total net tangible assets.

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Total liabilities	22,061	27,588	500	383
Net tangible assets	14,033	17,679	25,312	25,101
Debt-equity ratio	**1.57 times**	**1.56 times**	**0.02 times**	**0.02 times**

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2019 and 2018 except for the breach of loan covenants for the financial year ended 31 December 2018 which was disclosed in Note 18(b) to the financial statements.

(e) Fair value measurements

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

26. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assets, at amortised cost	30,042	40,548	7,776	7,450
Financial liabilities, at amortised cost	21,102	26,722	500	383

27. Related party disclosures

No transactions took place between the Group and related parties other than those disclosed elsewhere in the financial statements.

(a) Sales/purchases of goods

Outstanding balances as at 31 December 2019, arising from sales/purchase of goods and services, are unsecured and receivable within 12 months from the reporting date and disclosed in Note 12 to the financial statements.

(b) Key management personnel compensation

Key management personnel compensation representing directors and other key management personnel are as follows:

	Group	
	2019 S$'000	2018 S$'000
Salaries and bonuses	1,629	1,626
Employer's contribution to defined contribution plan, including Central Provident Fund	60	66
Directors' fees	177	184
	1,866	1,876
Comprised amounts paid to:		
Directors of the Company	1,127	1,139
Other key management personnel	739	737
	1,866	1,876

28. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors comprises of executive and non-executive directors.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore, Myanmar and Vietnam. All geographic locations are engaged in the project sales and project management and maintenance services.

The Group is organised into two operating segments – Project sales and Project management and maintenance services.

Project sales segment engages in integration of network infrastructure that enable the customers to communicate electronically within an organisation or with another organisation whether located in the same country or globally. It also provides the customers with seamless integration of a wide variety of voice and data signals used in large institutional telecom applications.

28. Segment information (continued)

Project management and maintenance services segment provides installation and implementation services of the network infrastructure or voice communication systems that have been purchased by the customers from the Group's principals, and maintenance and support services mainly for the network infrastructure and voice communication systems.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an agreed terms basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

No disclosure and presentation of capital expenditure and depreciation of property, plant and equipment by business segments are made as the assets of the Group are used interchangeably by different business segments and therefore, it is not practicable to segregate the assets for disclosure purpose. The Board of Directors of the Company do not consider this information to be meaningful and this information is not used when making operating decisions about allocating resources to the business segment and assessing its performance.

The segment information provided to the Board of Directors for the reportable segments are as follows:

	Project sales		Project management and maintenance services		Consolidated	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Segment revenue						
Revenue to external parties	6,178	8,453	24,062	23,718	30,240	32,171
Segment results	1,316	1,323	5,166	5,706	6,482	7,029
Other income						
- Interest income from bank deposits					15	21
Other (losses)/gains - net						
- Impairment loss on financial assets					(63)	(8)
- Others					16	524
Unallocated expenses						
- Distribution and marketing					(133)	(122)
- Administrative					(9,271)	(8,730)
- Finance					(558)	(300)
Loss before income tax					(3,512)	(1,586)
Income tax credit					-	7
Net loss					(3,512)	(1,579)
Segment assets	28,270	33,623	425	697	28,695	34,320
Unallocated assets					7,399	10,947
Total assets					36,094	45,267
Segment liabilities	4,377	2,193	1,281	622	5,658	2,815
Unallocated liabilities					16,403	24,773
Total liabilities					22,061	27,588

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on a measure of gross profit, loss before tax and segment results for the Group's operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs, impairment loss and other administrative expenses including interest income and interest expenses that are either not expected to recur regularly in every period or allocated to the segments as these type of activities are separately analysed and driven by the finance department, which manages the financial position of the Group.

28. Segment information (continued)

Geographical information

	Singapore		Myanmar		Vietnam		Other		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue										
Sales to external parties	27,058	28,017	1,928	3,999	1,225	155	29	-	30,240	32,171

Other geographical information:

	Singapore		Consolidated	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current assets	3,472	2,415	3,472	2,415

Revenue of approximately S$22,198,000 (2018: S$16,157,000) is derived from a single external customer. This revenue is attributable to the project sales, project management and maintenance services segment.

(a) Reconciliation

(i) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the property, plant and equipment, inventories, certain trade and other receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets, cash and cash equivalents, certain other receivables and property, plant and equipment.

Segment assets are reconciled to total assets as follows:

	Group	
	2019	2018
	S$'000	S$'000
Segment assets for reporting segments	28,695	34,320
Unallocated:		
- Deferred income tax assets	776	785
- Cash and cash equivalents	2,436	6,946
- Other receivables	1,491	1,586
- Property, plant and equipment	640	1,630
- Right-of-use assets	2,056	-
	36,094	45,267

(ii) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than certain other payables, borrowings and current and deferred income tax liabilities.

28. Segment information (continued)

(a) *Reconciliation* (continued)

(ii) Segment liabilities (continued)

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2019 **S$'000**	**2018** **S$'000**
Segment liabilities for reporting segments	5,658	2,815
Unallocated:		
- Other payables	3,942	3,542
- Borrowings	12,461	21,231
	22,061	27,588

29. New or revised accounting standards and interpretations

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2020 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2020
- Amendments to SFRS(I) 3: Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements

Effective for annual periods beginning on or after 1 January 2021
- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*
- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

30. Event occurring after reporting date

The impact of the coronavirus disease 2019 (COVID-19) outbreak in various countries, including the jurisdictions in which the Group operates, has brought about uncertainties to the Group's operating environment and its financial performance subsequent to the financial year end. The Group is aware of the challenges posed by this developing event and the impact it potentially could have on the business sector in which the Group operates in. The Group is unable to quantify the magnitude and duration of such impact and has not considered such impact (if any) given the fluidity of the situation.

31. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Ntegrator International Ltd. on 8 April 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2020

CLASS OF SHARES	:	Ordinary shares
Issued and fully paid-up capital (including Treasury Shares)	:	S$26,313,006
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$26,301,711
Number of Shares issued (excluding Treasury Shares)	:	1,065,395,234 ordinary shares
Number (Percentage) of Treasury Shares	:	251,000 (0.024%)
Voting rights (excluding Treasury Shares)	:	One vote per share
Subsidiary Holdings	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	8	0.38	395	0.00
100 - 1,000	105	5.00	78,277	0.01
1,001 - 10,000	161	7.67	943,396	0.09
10,001 - 1,000,000	1,673	79.67	356,787,755	33.49
1,000,001 and above	153	7.28	707,585,411	66.41
Total	**2,100**	**100.00**	**1,065,395,234**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KOH KOW TEE MICHAEL	57,269,022	5.38
2	DBS NOMINEES (PRIVATE) LIMITED	33,748,660	3.17
3	PHILLIP SECURITIES PTE LTD	27,893,116	2.62
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	27,226,037	2.56
5	OCBC SECURITIES PRIVATE LIMITED	25,401,383	2.38
6	CHANG JOO WHUT	25,290,640	2.37
7	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	20,406,316	1.92
8	LEE KEEN WHYE	18,911,500	1.78
9	YOW HOCK GUAN	16,642,400	1.56
10	GOH SIOK KUAN	16,491,000	1.55
11	KOH BENG HONG MICHAEL	16,178,400	1.52
12	YEO KIAN GUAN (YANG JIANYUAN)	12,700,000	1.19
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,364,000	1.16
14	TANG SOI LIK OR TANG EI FUN (CHEN YIFEN)	12,000,000	1.13
15	HAN MENG SIEW	11,390,640	1.07
16	HO YENG PEW	9,450,000	0.89
17	SW CHAN KIT	8,575,400	0.80
18	HO BENG SIANG	8,500,000	0.80
19	TAN WEE MENG	8,000,000	0.75
20	KELVIN TAN CHENG SIONG (CHEN QINGXIANG)	7,350,000	0.69
	TOTAL	**375,788,514**	**35.29**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

91.68% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Catalist Rule 723 of the Listing Manual of the SGX-ST.

SUBSTANTIAL SHAREHOLDERS

There is no substantial shareholder named in the Register of Substantial Shareholders of the Company.

NTEGRATOR INTERNATIONAL LTD.

Information on Director seeking Re-election pursuant to
Rule 720(5) of the Catalist Listing Manual of the SGX-ST

Mr Lee Keen Whye is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened by 29 June 2020 ("AGM") (the "Retiring Director").

Pursuant to Rule 720(5) of the Catalist Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Listing Manual of the SGX-ST is set out below:

NAME OF DIRECTOR	LEE KEEN WHYE
Date of Appointment	1 August 2008
Date of Last Re-Appointment	26 April 2017
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment/ re-appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Lee Keen Whye was recommended by the Nominating Committee and the Board has accepted the recommendation after taking into consideration his qualifications, past experience, overall contribution since he was appointed as a Director of the Company and contributions at Board and/or Board Committee meetings (such as participation, attendance, preparedness and candour). Although Mr Lee has served on the Board for more than nine years, the Nominating Committee has reviewed and confirmed the independence of Mr Lee as an Independent Director in accordance with the provisions of the Catalist Rules and Code of Corporate Governance 2018 ("Code"). Mr Lee has also confirmed his independence in accordance with the provisions of the Catalist Rules and Code.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman – Nominating Committee Member – Audit & Remuneration Committees
Professional Qualifications	Master's degree in Business Administration from Harvard Business School Bachelor's degree in Business Administration from the University of Singapore
Working experience and occupation(s) during the past 10 years	May 1997 to present: Managing Director of Strategic Alliance Capital Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	18,911,500 shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

NTEGRATOR INTERNATIONAL LTD.

Information on Director seeking Re-election pursuant to
Rule 720(5) of the Catalist Listing Manual of the SGX-ST

NAME OF DIRECTOR	LEE KEEN WHYE
Other Principal Commitments# including Directorships # *"Principal Commitments" has the same meaning as defined in the Code of Corporate Governance of Singapore.*	
Past (for the last 5 years)	- Independent Director of Vard Holdings Limited - Adrich Pte Ltd - Greenship Bulk Manager Pte Ltd - Psons Singapore Pte Ltd (in liquidation)
Present	- Non-Executive Chairman & Independent Director of Santak Holdings Limited - Director of: · Film Finances Singapore Pte Ltd · Marketing Science Pte Ltd · Santak Metal Manufacturing Pte Ltd · SG Recruitment Limited · SIMF Management Pte Ltd · Strategic Alliance Capital Pte Ltd · Strategic Alliance Partners Pte Ltd · Strategic Alliance Ventures Ltd · Universal Awards Pte Ltd · Asia Pacific Awards Sdn. Bhd. · Kosmos Investments Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

NAME OF DIRECTOR	LEE KEEN WHYE
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: -	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

NAME OF DIRECTOR	LEE KEEN WHYE
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable

USE OF PROCEEDS - WARRANTS CONVERSION

As at 31 December 2019, approximately S$2.3 million of the proceeds from issuance of shares arising from conversion of warrants has been utilised, in accordance to its intended use as stated in OIS dated 20 November 2015, a summary of which is set out below:-

Items	**S$**	**S$**
Conversion of W181123	2,334,112.29	
Total Net Conversion of Warrants		**2,334,112.29**
Application of Proceeds		
Professional Fees	50,766.18	
Repayment of bank loans	2,283,346.24	
Total Application of Proceeds		**2,334,112.29**
Balance of Conversion of Warrants		**-**

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NOMINATING COMMITTEE

Independent Directors
Lee Keen Whye *(Chairman)*
Charles George St. John Reed
Lai Chun Loong

REMUNERATION COMMITTEE

Independent Directors
Lai Chun Loong *(Chairman)*
Charles George St. John Reed
Lee Keen Whye

AUDIT COMMITTEE

Independent Directors
Charles George St. John Reed *(Chairman)*
Lai Chun Loong
Lee Keen Whye

COMPANY SECRETARIES

Kenneth Sw Chan Kit
Shirley Lim Keng San

CORPORATE INFORMATION

REGISTERED OFFICE

4 Leng Kee Road
#06-04 SIS Building
Singapore 159088
Tel: (65) 6479 6033
Fax: (65) 6472 2966
Website: www.ntegrator.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
80 Robinson Road
#25-00
Singapore 068898
Director-in-charge: Chin Chee Choon
(Appointed since 31 December 2016)

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Ltd

INVESTOR RELATIONS CONTACTS

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ir@ntegrator.com

Citigate Dewe Rogerson
105 Cecil Street
#09-01
The Octagon
Singapore 069534
Tel: (65) 6534 5122
Fax: (65) 6534 4171

BOARD OF DIRECTORS

Han Meng Siew
Executive Chairman

Jimmy Chang Joo Whut
Managing Director & Executive Director

Charles George St. John Reed
Lead Independent Director

Lai Chun Loong
Independent Director

Lee Keen Whye
Independent Director

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