KOON HOLDINGS LIMITED

Infrastructure Construction Re-Alignment

Annual Report 2019

CONTENTS

CORPORATE PROFILE

Koon Holdings Limited (ASX stock code: KNH, SGX stock code: 5DL) is one of Singapore's leading infrastructure and civil engineering service providers specialising in reclamation and shore protection works.

With a history tracing back to 1975, Koon has been in the construction industry for more than four decades. Our core strengths lie in our focus on delivering quality projects, customer satisfaction as well as commitment to safety standards. These values have guided us well as we continue to strengthen our presence in our operating markets.

VISION & MISSION

To be an innovative builder creating value for all stakeholders.

We are dedicated to providing quality works, innovative solutions and effective professional services to our customers.

We strive to establish lasting relationships with our customers by exceeding their expectations and gaining their trust based on safety, quality, timely service and anticipation of their needs.

We respect and treat all employees fairly and encourage them to have initiative, be innovative and productive and nurture them to achieve their fullest potential.

SERVICE EXCELLENCE

We provide services exceeding customers' expectations, safe and timely project delivery and at the same time we adopt corporate social responsibility.

PARTNERSHIP – FORGE PARTNERSHIP WITH STAKEHOLDERS

We strive to develop lasting win-win relationships with our stakeholders.

INNOVATION

We always look for ways to do things cheaper, faster and better.

RESOURCE – PEOPLE DEVELOPMENT

We believe everyone has their strength and we strive to develop our staff to their fullest potential to achieve organisation goals.

INTEGRITY

We uphold ourselves with professionalism, honesty and sincerity and deliver what we promised through adopting best practices.

TEAMWORK AND UNITY

We can achieve more together through mutual respect and trust, open sharing and communication.

INFRASTRUCTURE CONSTRUCTION AND CIVIL ENGINEERING

The Group's wholly owned subsidiary, Koon Construction & Transport Co. Pte Ltd ("Koon") is a well-established civil engineering contractor in Singapore. Koon was registered with the Building and Construction Authority ("BCA") under the A1 grade - the highest grading for civil engineering category, which allowed it to tender for public civil engineering projects of unlimited value in Singapore. Incorporated since 1979, Koon has built a strong portfolio in its niche operating market serving government-related bodies such as the Land Transport Authority ("LTA"), the Housing and Development Board ("HDB"), the Public Utilities Board ("PUB"), the Defence Science and Technology Agency ("DSTA"), JTC Corporation and PSA Corporation Limited. Koon has undertaken numerous infrastructure construction works encompassing land reclamation, shore protection terminal and port projects. Depending on the nature of the project secured, Koon is able to spearhead the entire project as main contractor or collaborate with our long-time partners such as Penta-Ocean Construction Company Limited ("Penta-Ocean") and Hyundai Engineering & Construction Co. Ltd. ("Hyundai"). For more than two decades, Koon has taken part in various land reclamation works which have helped expand the land area of Singapore by about 20%. These completed projects now form the new coastal lines of Singapore:

- North: Punggol
- South: Marina Bay, Tanjong Rhu, Sentosa Cove & Pasir Panjang
- East: Changi
- West: Jurong Island & Tuas View

Over the past few years, we have executed and completed a high percentage of public civil infrastructure projects. Amongst the more noticeable ones are:

- Construction of container stacking yard for berths P36 to P41 at Pasir Panjang Terminal. Project value: S$99 million
- Construction of roads, drains, culverts and drainage outfall at Tuas South Boulevard. Project value: S$48 million
- Construction of roads, drains, sewers and vehicular bridge at Ayer Merbau Road further extension at Jurong Island. Project value: S$26 million
- Construction of Seletar Link Bridge and widening of the Tampines Expressway. Project value: S$41 million
- Rehabilitation and earthworks at Tampines Road. Project value: S$40 million
- Construction of container stacking yard for berths P26, P31 to P33 at PSA Pasir Panjang Terminal. Project value: S$97 million
- Construction of Industries Park at Seletar. Project value: S$81 million
- Sand mining work at proposed reclamation at Tuas Finger One: Project value: S$20 million
- Rock work for caisson quay wall at proposed reclamation at Tuas Finger One: Project value: S$20 million

Among the current order book of Koon are:

(i) earthworks and construction of roads, drains and sewers at Sengkang West and
(ii) new road connections to Seletar Link and widening of TPE between Jalan Kayu and Punggol West Flyovers

Aligning with industry benchmarks, Koon is ISO 9001:2015 (quality), ISO 14001:2015 (environment) and OHSAS 18001:2007 (safety) certified. Koon also won the BCA Construction Excellence Award 2012 in Civil Engineering for the technically-challenging Serangoon Reservoir project.

COMMITMENT TO QUALITY PROJECT AND SAFE WORK ENVIRONMENT

Delivering quality works and at the same time creating a safe working environment for our people and partners have been our guiding principles. The Group is focused on cultivating a culture of safety by going beyond setting workplace rules. Regular interactions with both on-site and off-site staff to promote safety awareness remain our priority as we believe workplace safety is a collective responsibility.

Recognised for its commitment to incorporate safety as part of its business model, Koon has obtained the certification for BizSAFE Partner and the certification for attaining the BizSAFE Level STAR from the Workplace Safety and Health Council since 2009. Koon was also accorded certification of appreciation by PSA Corporation Limited for its good safety record consecutively from 2012 to 2016 relating to projects undertaken at Pasir Panjang Terminal.

SUSTAINABLE APPROACH

The Group continues to adopt best practices including progressive efforts towards a more sustainable building approach. Testament to our efforts and progress on this front, Koon received the BCA Green and Gracious Builder Award (Merit category) in 2015.

ELECTRIC **POWER GENERATION**

Tesla Group owns and operates four 9.9 MW diesel power generation plants that provide peak power electricity in Western Australia.

As part of the Group's business strategy to generate diversified streams of recurring income, the Group acquired a stake in Tesla Holdings Pty Ltd ("Tesla Group") in July 2010. The Group currently holds 74.1% equity interest in Tesla Group. Tesla Group is an Australian energy infrastructure company which has successfully attained capacity credit allocations from Australian Energy Market Operator (AEMO). These allocations provide Tesla Group an incentive by granting a recurring source of income for the initial capital investment of power generation plants. Tesla Group currently owns and operates a total of four diesel power generation plants of 9.9 MW each in Western Australia. Its first Picton plant was commissioned in August 2011 and the remaining three plants, namely Kermerton plant, Northam plant and Geraldton plant, were commissioned in late 2012.

Tesla Group's power generation plants are situated on the South West Interconnected System ("SWIS") electricity grid in Western Australia to provide peaking power to the SWIS under the Western Australian government capacity pricing mechanism. Tesla Group generates recurring revenue based on a two-tier revenue matrix (standby fee and actual usage fee) from the operation of its four power generation plants in Western Australia.

Proceeding from the Group's on-going restructuring and realignment exercise the Electric Power Generation division has been classified as held for sale in FY2019. Management is committed to the plan to sell this non-core business and expects the sale to be completed within the next twelve months.

FINANCIAL **SUMMARY**

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER (S$'000)

	2019	2018[(1)]	2017[(2)]	2016	2015
^Revenue	89,270	112,123	163,800	202,726	236,342
^Gross (loss)/profit	(61,036)	9,836	20,658	20,423	35,927
^Other income	28,134	13,334	4,933	2,515	1,542
^Administrative and other expenses	12,608	14,113	13,132	15,422	21,114
^(Loss)/profit before tax	(97,691)	(188)	1,463	1,511	8,636
(Loss)/profit after tax*	(95,091)	482	101	1,676	7,747
(Loss)/profit attributable to owners of the Company*	(95,408)	259	123	1,863	7,991

* Includes continuing operations and discontinued operation
^ 2019 and 2018 figures include only continuing operations

FINANCIAL POSITION (S$'000)

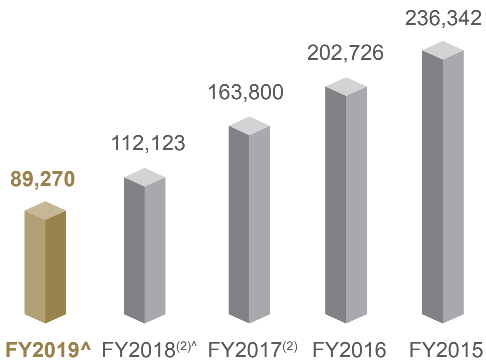
	2019	2018	2017[(2)]	2016[(2)]	2015
Current Assets	95,138	130,518	118,982	103,407	112,568
Non-Current Assets	15,069	96,114	108,249	121,726	118,290
Total Assets	**110,207**	**226,632**	**227,231**	**225,133**	**230,858**
Current Liabilities	140,829	141,080	127,852	120,238	122,112
Non-Current Liabilities	3,614	24,425	37,395	43,216	47,314
Total Liabilities	**144,443**	**165,505**	**165,247**	**163,454**	**169,426**
(Deficit)/equity attributable to owners of the Company	(37,888)	57,715	58,517	58,174	57,786
Non-controlling interests of disposal group held for sale/non-controlling interest	3,652	3,412	3,467	3,505	3,646
Total Liabilities and Equity	**110,207**	**226,632**	**227,231**	**225,133**	**230,858**
Current Assets to Current Liabilities	68%	92%	93%	86%	92%
Net Gearing Ratio*	N.M.	121%	135%	114%	109%

(1) 2018 financial figures have been re-presented in FY2019 to report separately profit and loss items for continuing or discontinued operations.
(2) 2017 financial figures have been adjusted in FY2018 following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes in FY2018.

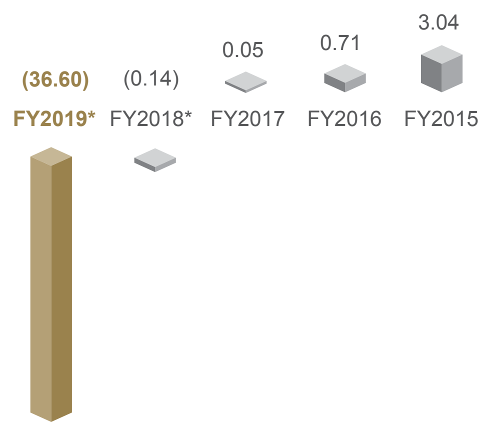
* Net Gearing Ratio = (Bills payable, bank loans and lease liabilities less cash and bank balances)/Equity attributable to owners of the Company
N.M.: not meaningful

FINANCIAL **SUMMARY**

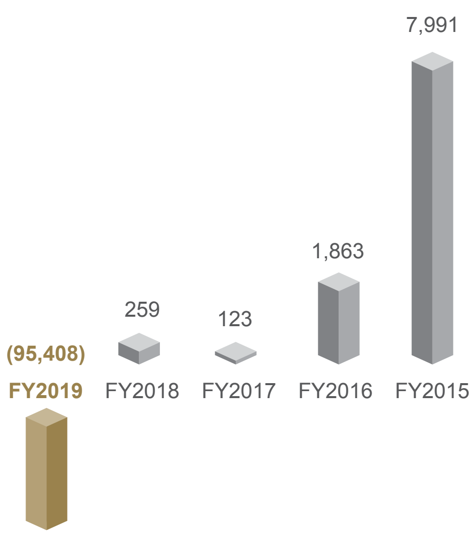
REVENUE
(S$'000)



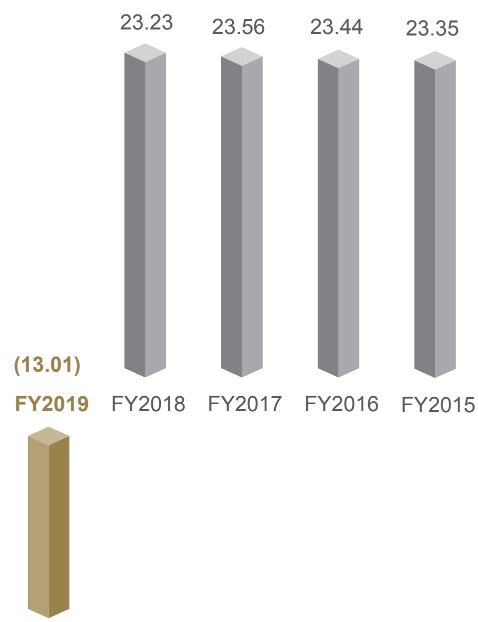
BASIC (LOSS)/EARNINGS PER SHARE
(CENTS)



(LOSS)/PROFIT ATTRIBUTABLE OWNERS OF THE COMPANY#
(S$'000)



NET TANGIBLE (LIABILITIES)/ASSETS PER SHARE
(CENTS)



(1) 2018 financial figures have been re-presented in FY2019 to report separately profit and loss items for continuing or discontinued operations.
(2) 2017 financial figures have been adjusted in FY2018 following the adoption of Singapore Financial Reporting Standards (International).

* Loss per share (cents per share) for continuing operations
^ Revenue for continuing operations
\# Includes continuing operations and discontinued operation

MESSAGE FROM CHAIRMAN

Dear Shareholders,

RESTRUCTURING AND REALIGNMENT

The Company and its subsidiary, Koon Construction & Transport Co. Pte. Ltd. ("KCTC" and together with the Company, the "Applicants") have appointed Tan Kok Quan Partnership as their legal advisor and RSM Corporate Advisory Pte Ltd as their financial consultant and Scheme Manager to advise on strategies for restructuring the debts and liabilities of the Applicants so that the Group may continue as a going concern.

On 8 October 2019, applications were filed with the High Court of the Republic of Singapore ("Court") pursuant to section 211B of the Companies Act (Cap. 50) ("Act") to obtain an order, amongst other things, that no legal action or proceedings against the Applicants be commenced or continued against the Applicants for a period of 90 days from the date of the order to be granted ("Moratoria"), except by leave of the Court and subject to such terms as the Court may impose.

On 7 November 2019, the Applicants were granted Moratoria until 28 February 2020 to propose the schemes of arrangement to their creditors pursuant to section 210(1) of the Act ("Schemes"). The Moratoria have since been extended to 30 April 2020 on 3 January 2020, and further extended again to 30 June 2020 on 6 May 2020, to allow the Applicants sufficient time to put the Schemes in place.

The proposed schemes of arrangement to be made between the Company and its creditors (the "KHL Scheme") and between KCTC and its creditors (the "KCTC Scheme"), are necessary to address the various debt obligations owed by the Applicants to their respective creditors.

Pursuant to section 210 of the Companies Act, a scheme would be binding on the creditors of the company if a majority in number (over 50%) representing at least three-fourths (75%) in value of the creditors in every voting class, voting in person or by proxy, voted in favour of the scheme at the scheme meeting. Alternatively, the scheme meeting would be adjourned if the abovementioned proportions of the company's creditors voted for an adjournment.

Both the KHL Scheme meeting and KCTC Scheme meeting were held on 25 February 2020. The KHL Scheme meeting was adjourned after a major creditor's request for adjournment, as it would like to be provided with more information. The KCTC Scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting at the KCTC Scheme meeting.

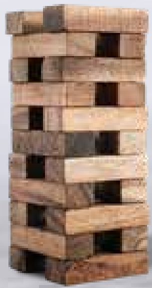
At the adjourned KHL Scheme meeting held on 27 March 2020, the KHL Scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting.

As both the Schemes have been approved by the Scheme creditors, applications will be filed with the Court to obtain the sanction required for the implementation of the respective Schemes.

The Group recognised a net loss of S$95.1 million for the financial year ended 31 December 2019 and, as of

ANG SIN LIU

"The Group has also received expression of interests from various potential investors on possible restructuring exercises. The ability of the Group and the Company to continue as a going concern is also dependent on the successful implementation of the corporate restructuring exercise."



MESSAGE FROM CHAIRMAN

that date, the Group's current liabilities exceeded its current assets by S$45.7 million. As at 31 December 2019, the Group's total loans and borrowings and lease liabilities amounted to S$39.0 million, of which S$35.4 million were classified as current liabilities and exceeded the Group's cash and bank balances of S$0.8 million. The Group and the Company have deficiency in net assets of S$34.2 million and S$35.5 million, respectively as at 31 December 2019.

These factors and the challenging conditions affecting the construction and precast sectors in Singapore indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Notwithstanding the above, the directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations (both short term and long term) as and when they fall due is dependent mainly on:

a) the Court sanctioning the Schemes;
b) the successful implementation of the Schemes;
c) the Group's ability to secure funding as and when required;
d) the profitability of future operations of the Group; and
e) the continuing support of financial institutions, suppliers of goods and services and all other stakeholders.

The Group has also received expression of interests from various potential investors on possible restructuring exercises. The ability of the Group and the Company to continue as a going concern is also dependent on the successful implementation of the corporate restructuring exercise.

The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation at least for a period of twelve months from the reporting date. This means that the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

The amount of assets and liabilities currently recorded in the accounting records of the Company and its subsidiaries, including amounts recoverable from or payable to group companies, are based on claims and payables which have arisen in the ordinary course of business. It is currently difficult to assess and estimate, with any degree of certainty, the amounts at which the assets will ultimately be realised or recovered, and the amounts at which liabilities should be recorded, owing to the uncertainties caused by the current difficult operating conditions and the ongoing restructuring of the Group.

The directors consider that different possibilities regarding the future exist and that the differing outcomes can cause the financial statements as at 31 December 2019 to be materially different from what is currently presented in these financial statements. The directors also consider that there are no practical means available to resolve such difficulties in the preparation of these financial statements for the financial year under review. In this respect, the directors are of the opinion that, notwithstanding these difficulties, the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of all stakeholders who may read these financial statements.

BUSINESS OUTLOOK

The Building and Construction Authority estimated the total construction demand in 2020 to range between S$28.0 billion and S$33.0 billion, comparable to the S$33.4 billion awarded in 2019. Of this amount, public sector projects are expected to account for about 60% of total construction demand.[1]

[1] *"Singapore's construction demand for 2020 expected to remain strong", BCA, 8 January 2020*

MESSAGE FROM CHAIRMAN

As at 31 December 2019, the Group's Construction division have outstanding order books of approximately S$43.8 million.

The construction division continue to face a challenging operating environment, with intense competition and increased costs. This is exacerbated by the Group's tight liquidity which has resulted in higher costs and disruption to our various projects.

The restructuring and realignment exercise included the sale of its non-core business, namely the Property and Electric Power Generation division. Non-productive or idling plant and equipment have also been progressively disposed or have been scheduled to be disposed. These will free up cash which is needed as working capital for existing projects as well as for repayment to existing creditors.

In addition, in order to return to profitability and improve operating cash flow, the Group has also undergone various costs-cutting measures such as reduction of its headcount and streamlining of its operations to improve efficiency and effectiveness.

IN APPRECIATION

We would like to take this opportunity to thank our Board of Directors ("Board"), management and staff for their hard work and contributions throughout the past year. Special thanks go to the legal advisors, corporate advisors and the Scheme Manager who work tirelessly on the restructuring and execution plans. On behalf of the Board, we would also like to express our gratitude to our customers, business associates, financial institutions and partners, for their continued support.

Yours Sincerely,

ANG SIN LIU
Non-Executive Chairman

PERFORMANCE REVIEW

Revenue for the year ended 31 December 2019 (FY2019) decreased by S$22.9 million to S$89.3 million as compared to the previous corresponding financial year (FY2018).

Revenue of Construction division decreased by 57.8% to S$34.7 million in FY2019. This was mainly due to lower revenue recognition in FY2019 from completed projects such as sand mining and rock works at caisson quay wall at proposed reclamation at Tuas Finger One; completing projects including (i) improvement to Sungei Pandan Kechil (West Coast Road to the sea) and (ii) earthworks and construction of roads, drains and sewers at Sengkang West; and projects which were ceased or terminated during the year including (i) proposed design and build of vehicular bridge at Grade Road and other associated works at Pulau Punggol Barat and (ii) land preparation works for airport development project under POC-K JV. The above decrease was partially offset by higher revenue recognition from the project for the new road connections at Seletar Link and widening of TPE between Jalan Kayu and Punggol West flyovers.

Revenue of Precast division increased by 76.6% to S$54.5 million in FY2019. This was mainly due to higher sales volume of precast products as compared to FY2018.

The Group recorded a gross loss of S$61.0 million in FY2019. The loss was mainly due to the Construction division which recorded a gross loss of S$60.1 million due to delays in completion of projects and higher sub-contractor, material and labour costs. Additional provisions were also made for liquidated damages related to the early termination of a project, and the finalisation and cessation of other projects.

Other income increased by S$14.8 million to S$28.1 million in FY2019. The increase comprised of the reversal of provision for the Group's share of losses from the precast operation at Batam, Indonesia under Sindo-Econ Pte Ltd and its Indonesian subsidiary, PT. Sindomas Precas ("Sindo-Econ Group") of S$10.4 million as the Group has assessed that it has no obligations in respect of the losses of the joint venture. The Group also recorded higher gain on disposal of property, plant and equipment, and insurance claims.

Administrative and other expenses decreased by S$1.5 million to S$12.6 million in FY2019 due to cost-cutting measures implemented by the Group.

Impairment losses on financial assets increased to S$37.7 million which consisted of: (i) impairment of trade and other receivables of S$23.8 million, mainly as a result of expected credit losses on receivables from Sindo-Econ Group of S$22.2 million, and (ii) impairment of contract assets under the Precast and Construction division of S$0.9 million and S$13.0 million respectively.

As part of the Group's on-going restructuring and realignment exercise, the Group has novated or terminated certain contracts under the Precast division, and is in the process of novating or terminating the remaining contracts to cut further losses and reduce liabilities. The Group has recorded an impairment loss of S$0.9 million on contract assets relating to these Precast contracts due to uncertainty of their recoverability.

The impairment of contract assets of S$13.0 million under the Construction division was due to contract remeasurement and finalisation of certain projects during the period such as the project for sand mining and rock works at caisson quay wall at proposed reclamation at Tuas Finger One and the land preparation works for airport development project under POC-K JV.

Impairment losses on non-financial assets increased to S$12.2 million due to impairment of property, plant and equipment of S$8.5 million and impairment of assets held for sale of S$3.7 million.

As part of the restructuring, management has put forward a plan to dispose non-productive or idling plant and equipment held in the precast and construction segments. One of the components of this disposal exercise was to review the utilisation pattern of machinery and equipment to assess whether there are trigger events indicating potential impairment. Management also performed an in-house valuation to determine the fair value less cost of disposal of these assets. The impairment charge was based on the recoverable amounts estimated by management. Where necessary, the Group also considers independent valuation reports of valuation specialists to support the recoverable amounts of property, plant and equipment. The fair values are determined by external specialists using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

Share of results of joint ventures mainly comprised the Group's 50% share of losses from Sindo-Econ Group. Arising from the corporate restructuring exercise,

PERFORMANCE REVIEW

the Group did not record any share of losses of joint ventures in FY2019 as it has capped its share of losses from Sindo-Econ Group to its cost of investment.

The Electric Power Generation division has been classified as held for sale in FY2019 and is classified as a discontinued operation with comparatives re-presented accordingly. Management is committed to the plan to sell this non-core business and expects the sale to be completed within the next twelve months.

Profit after tax from Electric Power Generation division increased by 41.3% to S$1.2 million in FY2019 due to higher revenue recorded arising from the increase in reserve capacity pricing set by AEMO.

Due to operating loss and losses from impairment of financial and non-financial assets, which was partially offset by higher other income, the Group recorded a loss after tax of S$95.1 million in FY2019 as compared to a profit after tax of S$0.5 million in FY2018.

BALANCE SHEET

Current assets decreased by S$35.4 million to S$95.1 million as at 31 December 2019. The decrease was mainly due to the decrease in trade and other receivables of S$30.2 million arising from impairment of S$23.8 million and collections during the year, decrease in contract assets of S$42.2 million due to impairment loss of S$13.9 million and billings to customers during the year, and decrease in inventories of S$3.1 million due to sale of inventories during the year and inventories written down under the Construction Division of S$0.5 million. These were partially offset by the increase in assets held for sale of S$18.2 million which included one marine vessel (Reem Island) under Construction division and properties located in Johor, Malaysia under Property Division which were previously classified as properties held for development and the reclassification of non-current assets of Electric Power Generation division as current assets due to its classification as a disposal group held for sale in FY2019.

Non-current assets decreased by S$81.0 million to S$15.1 million as at 31 December 2019 mainly due to the reclassification of properties held for development as assets held for sale under current assets in FY2019, and the decrease in property, plant and equipment of S$66.6 million. The decrease in property, plant and equipment of S$66.6 million was due to reclassification of property, plant and equipment of Electric Power Generation division to assets of disposal group classified as held for sale in FY2019, disposal of property, plant and equipment including two marine vessels (Ogigo and Petra I), reclassification of one marine vessel (Reem Island) as an asset held for sale under current assets in FY2019, and the depreciation and impairment of property, plant and equipment. These were partially offset by recognition of right-of-use assets within property, plant and equipment with a carrying amount of S$3.0 million arising from the adoption of SFRS(I) 16 in FY2019.

Current liabilities decreased by S$0.3 million to S$140.8 million as at 31 December 2019 mainly due to the following: (a) decrease in current portion of lease liabilities of S$8.8 million due to repayment of lease liabilities during the year. These included those relating to two marine vessels which were disposed during the year (Ogigo and Petra I). The decrease in lease liabilities was partially offset by the recognition of lease liabilities arising from the adoption of SFRS(I) 16 in FY2019; (b) decrease in loans and borrowings of S$5.6 million due to repayments made during the year; (c) decrease in contract liabilities of S$7.7 million due to delivery of precast products during the year for which consideration had been received in advance from customers; and (d) decrease in provision for share of a joint venture's losses of S$10.4 million as the Group has capped its share of losses of Sindo-Econ Group to its cost of investment. These decrease was partially offset by the following: (a) increase in provision for liquidated damages of S$19.8 million arising from the early termination of the project for the proposed design and build of vehicular bridge at Grade Road and other associated works at Pulau Punggol Barat; (b) increase in provision for onerous contracts of S$1.2 million for expected losses for certain construction contracts; (c) increase in provision for performance bonds and guarantees of

S$4.0 million, representing the estimated costs of compensation related to the non-performance of the Group's obligations under certain contracts with customers; and (d) reclassification of liabilities directly associated with a disposal group classified as held-for sale of S$9.5 million as part of current liabilities.

Non-current liabilities decreased by S$20.8 million to S$3.6 million as at 31 December 2019. This was mainly due to reclassification of lease liabilities to current liabilities and repayments of lease liabilities during the period, partially offset by the recognition of lease liabilities arising from the adoption of SFRS(I) 16 in FY2019.

CASH FLOW

Net cash flows from operating activities for FY2019 was S$7.3 million. This was mainly due to working capital changes arising from operating activities.

Net cash flows from investing activities in FY2019 was S$29.0 million. This was mainly due to cash inflow from disposal of property, plant and equipment of S$29.5 million, partially offset by purchase of property, plant and equipment of S$0.4 million.

Net cash flows used in financing activities was S$33.9 million in FY2019. This was mainly due to net repayment of bank loans, bills payable and lease liabilities of S$31.7 million and interest payment of S$2.2 million.

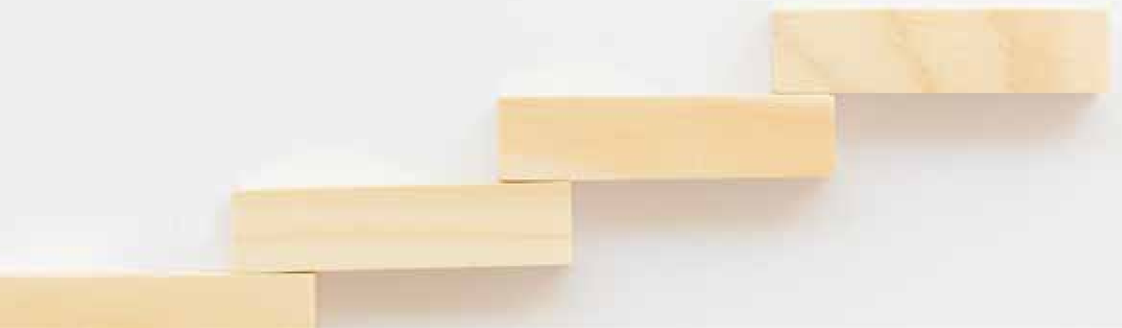
As a result, the Group recorded cash and cash equivalents of S$0.1 million as at 31 December 2019.

BOARD OF **DIRECTORS**

ANG SIN LIU
Non-Executive Chairman
Mr Ang is the founder and advisor of ASL Marine Holdings Ltd which is listed on the Singapore Stock Exchange. Mr Ang is an astute businessman with diverse business interests including the trading of scrap steel material, building construction works, property leasing, shipbuilding and ship repair.

OH KOON SUN
Acting Managing Director
Mr Oh and the late Mr Aw Joo Kim (his father) co-founded the predecessor to the Company in 1975. The predecessor was a sole proprietorship involved in the business of transporting stone and rocks. Mr Oh was in charge of that sole proprietorship, namely as a sub-contractor for Obayashi on the East Coast Phase V reclamation. Prior to founding the sole proprietorship, Mr Oh was involved in the family's trading business. His extensive hands-on experience in trading and deep familiarity of local businesses benefits Koon, as his principal task at the Company is the negotiation of quantity, quality and price of stone, rock, equipment, tugs & barges with selected sub-contractors and for the sourcing of consumables.

LOO WOEI HARNG
Director
Chief Operating Officer
Mr Loo was appointed as Chief Operating Officer of the Company on 31 October 2019 and was appointed as a Director of the Group on 29 November 2019. Mr Loo holds a Bachelor (Hon) Degree in Engineering and Master in Science (Civil Engineering). Mr Loo has more than 40 years of working experience in both the construction engineering, mining and business management areas. His work experience covers engineering design, consultancy, large scale construction, business development, civil infrastructure development, mining, management, corporate governance, distribution, training and education. Companies he has worked in include a wide variety of corporations ranging from an American company in Singapore, governmental corporation, Indonesian company, Malaysian company, to private companies, both publicly listed and unlisted. He has been CEO of two listed companies in Singapore.



BOARD OF DIRECTORS

OH KENG LIM

Non-Executive Director

Mr Oh joined the predecessor to the Company in 1976, when the sole proprietorship was preparing for its conversion into a private partnership in 1977. Before this, Mr Oh was involved in several trading ventures. For over 27 years prior to 2003, Mr Oh has been involved in the project accounting, administration and risk controls of the Company. Since 2003, he has devolved many of his day-to-day duties and now primarily serves in a supervisory and oversight capacity. Mr Oh remains very familiar with all aspects of the Company's businesses, particularly with the Company's many suppliers.

TAN THIAM HEE

Non-Executive Director

Mr Tan was appointed as a non-executive director of the Company on 29 November 2019. Mr Tan is a professional accountant by training and has garnered more than 20 years of experience as CFO or CEO in various industries, including marine, construction, property development and investments, pharmaceutical, leisure, manufacturing, trading and investments holding.

Mr Tan is active in the corporate scene, having helped companies to IPO in both the Singapore as well as the Australian Securities Exchanges. Mr Tan has also driven several merger and acquisition exercises as well as corporate restructuring or divestment exercises. Mr Tan is very familiar with the various financial institutions and has helped many companies secure their financing needs.

Mr Tan is currently the Group Chief Executive Officer and Executive Director of Emerging Towns & Cities Singapore Ltd. Mr Tan is also a director of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore.

Mr Tan has a Master of Business Administration in International Business and a Bachelor of Accountancy (Merit) from the Nanyang Technological University of Singapore. Mr Tan is also a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia, a member of the Singapore Institute of Directors and a Graduate member of the Australian Institute of Company Directors.

ANG AH NUI

Non-Executive Director

Member of the Remuneration Committee

Mr Ang joined the Group in April 2012 and brought with him more than 30 years of extensive experience and knowledge of the marine industry. Mr Ang is the Deputy Managing Director of ASL Marine Holdings Ltd which is listed on the Singapore Stock Exchange. His core responsibilities in ASL Marine Group of companies include the setting of business strategies and direction, corporate plans and policies as well as general management and business development of its ship repair and conversion and ship chartering operations.

BOARD OF **DIRECTORS**

YEE KIT HONG
Non-Executive and Independent Director
Chairman of the Audit and Risk Committee
Member of the Remuneration Committee and Nominating Committee
Mr Yee joined the Group in August 2019. An auditor by profession, he holds more than 30 years of experience in audit, management consulting, accountancy, and taxation. He has been an audit partner at Kit Yee & Co, a firm of certified public accountants, since 1989. Prior to that, he was a tax manager at Ernst & Young.

Mr Yee also sits on the board of Global Palm Resources Holdings Ltd, Nam Cheong Ltd, and Acromec Ltd.

Mr Yee holds a Bachelor of Accountancy degree from National University of Singapore. He is a fellow of the Institute of Chartered Accountants in England and Wales, and of the Institute of Singapore Chartered Accountants. He is also a full member of the Institute of Directors.

GLENDA MARY SORRELL-SAUNDERS
Non-Executive and Independent Director
Chairman of the Nominating Committee
Member of the Audit and Risk Committee, Remuneration Committee
Glenda is the Managing Director of Matrix Management Group Pty Ltd, a Project Management and Quantity Surveying firm with operations in Victoria and Tasmania. Prior to founding Matrix Management Group, Glenda worked as a Director with Rawlinson (Aust) Pty. Ltd.

Glenda started her professional life with Farrow Laing and Partners in South Africa. Glenda has considerable experience in major industrial and civil projects including infrastructure works; steel-processing plants; and on coal, diamond & gold mines. Glenda also lectured at the University of the Witwatersrand in the Faculty of Architecture during the 1990's prior to her immigration to Australia.

Glenda has a Bachelor of Science (Honours) (Quantity Surveying) from the University Of The Witwatersrand, South Africa and is a past Tasmanian Division Councillor of the Property Council of Australia. She is also a member of the Australian Institute of Quantity Surveyors and a member of the Australian Institute of Company Directors.

KO CHUAN AUN
Non-Executive and Independent Director
Chairman of the Remuneration Committee
Member of the Nominating Committee, the Audit and Risk Committee
Mr Ko is currently the Chairman of HSK Resources Pte Ltd. He was the President and Executive Director of KOP Limited from May 2014 to October 2017. Prior to the reverse take-over exercise by the former, Mr Ko was the Group CEO and Executive Director of Scorpio East Holdings Ltd from March 2012 to May 2014. Mr Ko also holds chairmanships and directorships in various private and public companies. He is an Independent Director of KSH Holdings Limited, Lian Beng Group Ltd and Pavillon Holdings Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board of Singapore (TDB, now known as Enterprise Singapore or ESG). His last appointment with then TDB was Head of China Operations.

In the past 30 years, Mr Ko has been very actively involved in business investments in the PRC market. He was previously appointed as a Member of the Steering Committee of the Network China. In addition, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee as well as Investment Advisor to the Fushun Foreign Trade & Economic Co-operation bureau, PRC respectively.

Mr Ko is currently holding an appointment as a Council Member of the Singapore-China Business Association as well as the Head of China Market Sub-Committee under the ESG Society. Mr Ko was awarded the Service to Education (Pewter) by the Ministry of Education in 2016.

KEY MANAGEMENT

PETER TAN
Chief Financial Officer
Peter Tan joined the Group on 3 February 2020. Mr Tan has more than 30 years' experience in corporate accounting in Australia, Singapore and Indonesia.

Prior to joining the Group, he served as Group Chief Financial Officer or Financial Controller of various SGX-ST listed companies and unlisted corporations. He was an independent director of SGX-ST listed companies, Emerging Towns & Cities Singapore Ltd ("ETC") from 24 June 2015 to 26 April 2018 and independent Director of PCI Limited ("PCI") from 24 February 2017 to 01 June 2018. At ETC, he served as Chairman of its Audit Committee and a member of its Nominating and Corporate Governance and Remuneration Committees and at PCI he was a member of the Audit, Remuneration and Nominating Committees.

Mr Tan was appointed as an independent director of ASX listed GLG Corp Limited effective from 15 October 2019. He is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

He obtained his Bachelor of Commerce degree majoring in Accounting and Management from the University of Western Australia (Perth) in 1981. Mr Tan is a Fellow of CPA Australia, a member of the Australian Institute of Management, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

OUR **PEOPLE**

The Group believes that a sustainable business is built upon the contribution of our people. Human capital development remains as our priority as we move forward to achieve our business objectives. We support our employees with professional training and development programs including those administered by BCA, e.g. Built Environment Apprenticeship programs for employees of our Construction division. Since 2011, Koon has been collaborating with BCA to provide sponsorships under the BCA-Industry Built Environment Undergraduate Sponsorship program. Set up under one of the Singapore Government's key plans to sustain productivity in the construction sector, this program aims to attract young talents and nurture them as future industry leaders.

GENERAL **INFORMATION**

BOARD OF DIRECTORS

Ang Sin Liu (Non-Executive Chairman)
Oh Koon Sun (Acting Managing Director)
Loo Woei Harng (Director and Chief Operating Officer)
Oh Keng Lim (Non-Executive Director)
Tan Thiam Hee (Non-Executive Director)
Ang Ah Nui (Non-Executive Director)
Yee Kit Hong (Non-Executive and Independent Director)
Glenda Mary Sorrell-Saunders (Non-Executive and Independent Director)
Ko Chuan Aun (Non-Executive and Independent Director)

SINGAPORE COMPANY SECRETARIES
Ong Beng Hong
Tan Swee Gek

PERSON RESPONSIBLE FOR COMMUNICATION WITH ASX
Shiau-Lee Teoh
(Resigned on 8 January 2020)
Natalie Climo
(Appointed on 8 January 2020)

AUSTRALIA REGISTERED OFFICE
Level 12, 225 George Street
Sydney NSW 2000, Australia

SINGAPORE REGISTERED OFFICE
11 Sixth Lok Yang Road
Singapore 628109
Tel: (65) 62615788
Fax: (65) 62660117
Website: www.koon.com.sg

SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower
#32-01, Singapore 048623

AUSTRALIA SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000, Australia

AUDITOR
Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner: Sam Lo Geok Lim
(Appointed since the financial year ended
31 December 2017)

PRINCIPAL BANKERS
United Overseas Bank Limited
DBS Bank Limited
RHB Bank Berhad

As at 31 December 2019

CORPORATE **STRUCTURE**

KOON

- **KOON CONSTRUCTION & TRANSPORT CO PTE LTD (100%)**
  - KOON ZINKCON PTE LTD (50%)
  - PENTA-OCEAN/KOON/HYUNDAI/VAN OORD JOINT VENTURE - JV1 (5%)
  - PENTA-OCEAN/KOON-HAM-DREDGING INTERNATIONAL-BOSKALIS JOINT VENTURE - JV2 (20%)
  - PENTA-OCEAN/KOON/DREDGING INTERNATIONAL/BOSKALIS/HAM JOINT VENTURE - JV3 (20%)
  - KOON CONSTRUCTION & TRANSPORT SDN BHD (100%)
  - PT KOON CONSTRUCTION INDONESIA (67%)
- **ENTIRE CONSTRUCTION PTE LTD (100%)**
- **ENTIRE ENGINEERING PTE LTD (100%)**
- **REEM ISLAND PTE LTD (100%)**
- **PETRA I PTE LTD (100%)**
- **GREEN LCT PTE LTD (100%)**
- **KOON PROPERTIES PTE LTD (FORMERLY KNOWN AS GEMS MARINE PTE LTD) (100%)**
  - METRO COAST SDN BHD (100%)
  - SEVEN STAR DEVELOPMENT SDN BHD (100%)
  - TRIUMPH HEIGHTS SDN BHD (100%)
  - UNISON PROGRESS SDN BHD (100%)
- **ECON PRECAST PTE LTD (100%)**
  - ECON PRECAST SDN BHD (100%)
  - CONTECH PRECAST PTE LTD (100%)
  - BUKIT INTAN PTE LTD (100%)
  - SINDO-ECON PTE LTD (50%)
    - (90%) PT SINDOMAS PRECAS (50%)
  - (5%) PT SINDOMAS PRECAS
- **TESLA HOLDINGS PTY LTD[1] (74.1%)**
  - TESLA CORPORATION MANAGEMENT PTY LTD (100%)
  - TESLA CORPORATION PTY LTD (100%)
  - TESLA GERALDTON PTY LTD (100%)
  - TESLA KEMERTON PTY LTD (100%)
  - TESLA NORTHAM PTY LTD (100%)

[1] *Disposal group classified as held for sale*

CORPORATE **GOVERNANCE STATEMENT**

The Board of Directors ("**Board**") is committed to ensuring good corporate governance practices, promoting corporate transparency and protecting and enhancing shareholder value.

This Corporate Governance Statement ("**Statement**") outlines the corporate governance framework and the main corporate governance arrangements of the Group for the financial year ended 31 December 2019, or as otherwise indicated in this Annual Report. It also discloses the extent of the Group's compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition) ("**ASX Principles**"). The Board believes that the Group complies with the majority of the recommendations, and any exceptions are outlined in this Annual Report, together with an explanation of alternative corporate governances practices that the Group has adopted in lieu of the recommendation.

The Board continues to review the governance framework and practices of the Group on a regular basis to ensure that they are appropriate, effective and reflect the ASX Principles.

All references to the Group's website are to: www.koon.com.sg.

Functions and Responsibilities of the Board

The role of the Board is to approve and set the strategic direction of the Group, monitor compliance with the approved strategic direction and to oversee the Group's businesses and affairs. It is also responsible for approving the Group's corporate values and implementing good corporate governance practices. The Directors are accountable to the Company's shareholders for the Group's performance. Day-to-day management of the Group's affairs and the implementation of its strategy are delegated to the Executive Directors and senior executives.

The principal responsibilities of the Board include:

(i) setting the corporate strategy and direction of the Group, including but not limited to approval of the policies, strategies and financial objectives of the Group;
(ii) monitoring the implementation of the strategy, the business performance and the results of the Group, and ensuring appropriate resources are available to achieve its corporate goals;
(iii) approving financial plans and key management recommendations;
(iv) appointing the Executive Directors and other key personnel and reviewing their performance;
(v) identifying and reviewing of risk and the establishment of monitoring and feedback systems with respect to risk management, internal controls, financial reporting and compliance; and
(vi) overseeing the management of occupational health & safety and environmental performance.

The Board's approval is required for matters such as the Group's financial plans and annual budget, key operational initiatives, acceptance of bank facilities, major investment and divestment proposals, material acquisitions and disposal of assets, interested person transactions of a material nature and release of the Group's half yearly and full year financial results to the Australian Securities Exchange Limited ("**ASX**") and the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Apart from matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits and delegates authority for transactions below those limits to management so as to optimise operational efficiency.

The Board operates under a formal Board Charter, which sets out the role and responsibilities of the Board and senior management. The Board Charter can be viewed on the Company's website.

CORPORATE **GOVERNANCE STATEMENT**

Board's Composition and Balance

The Board currently comprises nine Directors, four of whom are Non-Executive Directors and three of whom are independent Non-Executive Directors. Whilst the majority of the Board is not comprised of independent directors, the Board believes that there is an appropriate composition of skills amongst existing Directors and that all Directors ensure that they approach their roles with independent judgment. In view of the scope and nature of the operations of the Group, the Board and the Nominating Committee are of the view that there is no individual or small group of individuals who dominate or exert influence over the Board's decision-making process, and the Board's current size and composition is appropriate for facilitating effective decision-making.

All Non-Executive Directors are appointed pursuant to formal letters of appointment which, among other things, set out key terms and conditions of their appointment, the Board's expectations in relation to the performance of the Director, procedures for dealing with a Director's potential conflict of interest and the disclosure obligations of the Director, together with the details of the Director's remuneration.

The Board comprises business leaders and professionals with industry and financial backgrounds. Its composition enables Management to benefit from a diverse and objective external perspective on the issues raised before the Board.

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, various Board Committees, namely the Audit and Risk Committee, Nominating Committee and Remuneration Committee, have been constituted with clear written terms of reference, all of which can be found on the Company's website. These Committees are made up mainly of independent Non-Executive Directors, and the effectiveness of each Committee is consistently monitored by the Board.

Three new Directors were appointed during the financial year ended 31 December 2019. All newly appointed Directors are given a formal letter and a detailed information pack, which sets out their duties and obligations upon their appointment. They will also undertake an orientation program to familiarise them with the Group's businesses and corporate governance practices. In addition, Directors are invited to sites to meet with Management and gain a better understanding of the Group's business operations. To keep pace with regulatory changes, the Director's own initiatives are supplemented from time to time with information updates and sponsored seminars conducted by external professionals, including any changes in legislation and financial reporting standards, government policies and regulations and guidelines published by ASX and SGX-ST that affect the Company and/or its Directors in discharging their duties. During the year, certain Directors had attended seminars on updates concerning guidance to the best practices of a Director and the regulatory environment in Singapore and Australia.

Chairman and Managing Director

The Chairman is a Non-Executive Director. The roles of the Chairman and Managing Director are separated to ensure that the working of the Board and the executive responsibility of the Group's business are kept distinct, increasing the accountability and capacity of the Board for independent decision-making. While the Chairman is not an independent Director, the Board is confident that he remains free from bias in carrying out his role as Chairman, and is able to bring independent judgment to bear on Board decisions without interference from business or other relationships that could materially interfere with his independent judgment.

The Chairman and the Audit and Risk Committee Chairman share responsibility for scheduling meetings to enable the Board to discharge its duties and to coordinate the activities of the independent Non-Executive Directors and act as principal liaison between the independent non-executive Directors and the Managing Director on sensitive issues. The Chairman, with the assistance of the Management and the Executive Directors, prepares the agenda and other material for Board meetings and ensures that the information is of a sufficient quality and quantity to enable the Board to make informed decisions. The Executive Directors are responsible for ensuring compliance with the Group's guidelines on corporate governance practices and policies.

CORPORATE GOVERNANCE STATEMENT

The Chairman and the Audit and Risk Committee Chairman are also available to shareholders where they have concerns, and which contact through the normal channels in circumstances where the Managing Director is unable to assist or for which such contact is inappropriate.

Company Secretary

The Company Secretary acts as secretary of the Board, attending (in person or through a representative) all meetings of the Board and its committees as required. The Company Secretary is accountable to the Board through the Chairman on all corporate governance matters and the proper functioning of the Board.

Board Membership

The Nominating Committee shall, from time to time, make recommendations on the number and composition of the Board of Directors, subject to the conditions set out in the Company's Constitution.

The Nominating Committee currently comprises three members, all of whom are independent Directors. It is chaired by Ms Glenda Mary Sorrell-Saunders and has as its members, Mr Yee Kit Hong and Mr Ko Chuan Aun.

The Nominating Committee has a formal written Charter and, accordingly, is mainly responsible for:

(i) Monitoring the contribution and performance of the Directors and the Board;
(ii) Evaluating whether the Directors are enhancing long-term shareholder value; and
(iii) Re-nominating and/or proposing new Directors.

For appointment of new Directors to the Board, if a vacancy arises, the Nominating Committee will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Nominating Committee does so by evaluating the existing strengths and capabilities of the Board, assessing the likely future needs of the Board, assessing whether this need can be fulfilled by the appointment of one person and if not, consulting with the Board in respect of the appointment of two people, seeking likely candidates widely and sourcing resumes to review, undertaking background checks on the resumes received, narrowing the list of possible candidates to a short list and then inviting the shortlisted candidates to an interview which may include a briefing of the duties required to ensure that there is no expectation gap. The Nominating Committee will seek candidates from a wide group of applicants, beyond people directly known to the Directors, and is empowered to engage professional search firms and also give due consideration to candidates identified by any person. The Nominating Committee will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

Independent Directors

Every year, the Nominating Committee reviews and affirms the independence of the Company's independent Non-Executive Directors. Each independent Director is required to complete a Director's Independence Checklist ("**Checklist**") annually to confirm their independence. This Checklist requires each Director to assess whether they consider themselves independent notwithstanding having no involvement in a relationship which would interfere or be reasonably perceived to interfere with the exercise of independent judgment in carrying out functions as an independent Non-Executive Director of the Company. Among the items included in the Checklist are disclosures pertaining to:

(i) any employment, including compensation received from Group;
(ii) whether the Director is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Group;

CORPORATE **GOVERNANCE STATEMENT**

(iii) whether the Director has, or has in the last three years had, a material business relationship with the Group (e.g. as a customer or supplier);
(iv) having an immediate family member employed by the Group as a senior executive officer whose remuneration is determined by the Remuneration Committee; and
(v) having a shareholding, partnership or directorship (including those held by immediate family members) in an organisation to which the Group received significant payments in the current or immediate past financial year.

The Nominating Committee will then review the Checklist completed by each Director to determine whether the Director is independent.

Ms Glenda Mary Sorrell-Saunders has served on the Board since 2003 and her independence has been subject to particularly rigorous review. The Board notes that Ms Sorrell-Saunders should be considered independent because she has been active during Board discussions and has on many occasions voiced strong opinions which may have differed from Management's views. Furthermore, Ms Sorrell-Saunders has a wealth of experience and knowledge in her field which the Board and Management would be able to utilise (please refer to page 14 of this Annual Report for a more detailed write-up on her background). As such, the Board has established that Ms Sorrell-Saunders remains independent in character and judgment and there were no relationships with Management or substantial shareholders or circumstances which were likely to affect, or could appear to affect, her independence. The Board is therefore satisfied with her performance and continued independence. Furthermore, the Board holds the view that continuity and stability of the Board is also important. Ms Sorrell-Saunders, through her years of involvement with the Company, has gained valuable insight and understanding of the Company and together with her experience and expertise, has contributed and will continue to contribute effectively as an independent Director by providing educated, impartial and autonomous views at all times. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

The Nominating Committee also reviews Directors with multiple directorships. With the exception of (i) Mr Ang Ah Nui who currently holds one concurrent directorship in another company listed on SGX-ST, (ii) Mr Ko Chuan Aun who currently holds three concurrent directorships in other companies listed on SGX-ST, (iii) Mr Yee Kit Hong who currently holds three concurrent directorships in other companies listed on SGX-ST, and (iv) Mr Tan Thiam Hee who currently holds one concurrent directorship in another company listed on SGX-ST, the remaining Directors do not hold any concurrent directorships in any other listed companies.

The Nominating Committee is satisfied that the Directors with multiple directorships have given adequate time and attention to the affairs of the Company, through attendance at meetings of the Board and Board Committees.

Pursuant to Article 91 of the Company's Constitution, every Director (other than the Managing Director) shall retire from office once every three years and for this purpose, one-third of the Board is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("**AGM**"). Article 97 of the Company's Constitution also provides that a newly appointed Director must retire and submit himself or herself for re-election at the next AGM following his or her appointment and such re-election shall not be taken into account in determining the number of directors who are to retire by rotation under Article 91 as set out above. Thereafter, the Director is subject to re-election at least once in every three years.

CORPORATE GOVERNANCE STATEMENT

Directorships or Chairmanships held by the Company's directors in other listed companies

Name of Director	Date Appointed/ last re-elected	Directorship in other listed companies	
		Current	**Past 3 years**
Ang Sin Liu (Chairman, Non-executive Director)	27 April 2012/ 29 April 2019	Nil	Nil
Ang Ah Nui (Non-executive Director)	27 April 2012/ 25 April 2018	ASL Marine Holdings Ltd	Nil
Oh Koon Sun (Acting Managing Director)	11 April 2003/ 27 April 2019	Nil	Nil
Oh Keng Lim (Non-executive Director)	9 April 2003/ 25 April 2018	Nil	Nil
Glenda Mary Sorrell-Saunders (Independent Non-executive Director)	April 11, 2003/ 27 April 2019	Nil	Nil
Ko Chuan Aun (Independent Non-executive Director)	16 January 2012/ 27 April 2017	KSH Holdings Limited Lian Beng Group Ltd Pavillon Holdings Ltd.	Super Group Ltd KOP Limited (formerly known as Scorpio East Holdings Ltd) San Teh Limited
Yee Kit Hong (Independent Non-executive Director)	19 August 2019/Not Applicable	Global Palm Resources Holdings Limited Acromec Limited Nam Cheong Limited	Yinda Infocomm Limited
Loo Woei Harng (Director and Chief Operating Officer)	29 November 2019/ Not Applicable	Nil	Nil
Tan Thiam Hee (Non-Executive Director)	29 November 2019/ Not Applicable	Emerging Towns and Cities Singapore Ltd.	Nil

Board Skills, Matrix and Diversity

The Board considers that its Directors and senior management have the combined skills and experience to discharge their respective responsibilities of the Company.

Biographies of each Director are outlined in the Annual Report under the header 'Board of Directors' on pages 12 to 14.

The Board is currently in the process of developing a Board skills matrix. In this regard, the table below sets out the skills and experience considered by the Board to be important for its Directors to collectively have.

In addition to the skills and experience set out in table below, the Board considers that each Director has the following attributes:

(i) honesty and integrity;
(ii) the ability to think strategically;
(iii) the time available to devote to the Company's business;
(iv) a willingness to question and challenge; and
(v) a commitment to the highest standards of governance.

CORPORATE GOVERNANCE STATEMENT

All directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgment to all matters discussed at Board meetings.

SKILL	DESCRIPTION
Strategy	Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.
Finance	The ability to analyse financial statements and reporting, critically assess the financial performance of the Company, contribute to budget planning and efficient use of capital and resources.
Operations	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, maintenance, technology and human resources.
Sales and Marketing	Clear understanding of developing and implementing brand strategy, recruiting, running and incentivising sales teams, setting sales budgets and targets and getting brand “cut-through”. These skills must also be applicable to the infrastructure and civil engineering space.
Capital markets	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets.
Industry experience	Experience and broad understanding of the infrastructure and civil engineering market, including market drivers, risks and trends including policies, competitors, end users, regulatory policy and framework.
Mergers and Acquisitions	Experience in all aspects of the negotiation, structuring, risk management and assessment of both acquisitions and divestments.
People and performance	Appreciation for the best practices in HR planning and management with familiarity in employment legislation and labour relations, recruitment, compensation, performance reviews and conflict management.
Legal and compliance	Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
ASX /SGX-ST governance	Knowledge of and experience in good corporate governance practices for ASX/SGX-ST listed entities, understanding of compliance framework under the Corporations Act, Companies Act, and experience in governance structures, policies and processes.
Technology/Digital	Expertise in the analysis of Technology/logistics feasibility and assessment, strategies for optimising value and understanding and mitigating risk from/of Technology/logistics opportunities.
Corporate History	A good understanding of recent corporate background including organisational structure, litigation, key contracts and relationships, performance and capital structures.
Leadership	Successful senior executive positions held.

While the current Board composition meets the Company’s needs, this skills and experience analysis will assist to identify opportunities for Director training and development and to identify skills gaps that may be addressed through future Board appointments.

Board Performance

The Nominating Committee, in considering the re-appointment of a Director, must evaluate the Director’s contribution and performance, such as their attendance at meetings of the Board or Board Committees, and also their participation, candour and other contributions.

CORPORATE GOVERNANCE STATEMENT

The Nominating Committee assesses the Board's performance taking into consideration quantitative and qualitative criteria such as the success of the strategic and long-term objectives set by the Board.

The performance criteria includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability and the Board's performance in relation to discharging its principal functions and responsibilities, the Directors' standards of conduct and financial targets such as return on assets, return on equity and the Company's share price performance and a benchmark index of its industry peers. In assessing the individual Director's performance and the effectiveness of the Board, the Nominating Committee takes into consideration the individual Director's industry knowledge and/or functional expertise, contribution and workload requirements. The Board, however, notes that the financial indicators provide only a snapshot of the Company's performance, and do not fully reflect on-going risk or measure the sustainable long-term wealth and value creation of the Company.

The Board is committed to enhancing its effectiveness through performance management and review. The Board review process is designed to help enhance performance by providing a mechanism to raise and resolve issues and to provide recommendations to enhance its effectiveness.

An assessment of the Board, its committees and individual Directors' performance is undertaken annually, and one was undertaken in 2019. The results of the assessment are used to improve the performance of the Board, its committees and its individual Directors.

With respect to 2019 and after due evaluation, the Nominating Committee considered the performance of each individual Director and the Board to be satisfactory. For avoidance of doubt, each member of the Nominating Committee abstains from voting on any resolution in respect of the assessment of his or her performance or re-nomination as Director.

Senior Executives

The Board delegates the responsibility for the day-to-day management of the Company and implementation of the strategic plan to the Managing Director and the Executive Directors, who are assisted by the senior executives who report to them.

Subject to authorisation limits directed by the Audit and Risk Committee, the Managing Director, Executive Directors and the senior executives carry out the day-to-day running of the Company.

All senior executives are appointed to their positions after a rigorous recruitment process. Each member of the senior executive team, including Executive Directors, are employed pursuant to an employment contract, which covers a range of matters including their scope of responsibilities, rights, and any entitlements on termination. Each contract refers to a specific formal job description. Each contract sets out the remuneration of the executive.

The evaluation for all senior executives is based on specific criteria, including their work performance, personal attributes, managerial skills and the development of Management and personnel.

Through the evaluation by the Remuneration Committee, the Board assesses the performance of the Managing Director based on the business performance of the Group, whether strategic objectives are being achieved and individual's performance, taking into consideration the conditions of same industries.

Further information on Directors' and Executives' remuneration, including principles used to determine remuneration, is set out in the Annual Report under the heading 'Remuneration'.

CORPORATE **GOVERNANCE STATEMENT**

Directors' Attendance at Board and Board Committee Meetings

The Board conducts regular scheduled meetings and ad-hoc Board meetings are convened when warranted by circumstances relating to matters that are material to the Group. Telephonic attendance and video conferencing at Board meetings are allowed under the Company's Constitution. The following table sets out the Directors' attendance at Board and Board Committee meetings held in 2019.

	No. of meetings attended			
Name	**Board**	**Audit and Risk Committee**	**Nominating Committee**	**Remuneration Committee**
Ang Sin Liu	3	2*	1*	2*
Ang Ah Nui(1)	4	2*	0	2
Yuen Kai Wing(2)	3	2*	1*	2*
Oh Koon Sun(3)	7	4*	1*	3*
Oh Keng Lim(4)	7	4*	1*	3*
Glenda Mary Sorrell-Saunders	7	4	1	3
Ko Chuan Aun	7	4	1	3
Heather Chong(5)	2	2	1	2*
Yee Kit Hong(6)	4	2	0	1
Loo Woei Harng(7)	0	0	0	0
Tan Thiam Hee(8)	4*	2*	0	1*
No. of meetings held	**7**	**4**	**1**	**3**

* Attended as an invitee to meeting

Notes:

(1) Mr Ang Ah Nui was appointed as a member of the ARC with effect from 29 July 2019 and relinquished such position with effect from 19 August 2019.

(2) Mr Yuen Kai Wing resigned as Managing Director of the Company with effect from 5 August 2019.

(3) Mr Oh Koon Sun was re-designated as Acting Managing Director of the Company with effect from 6 August 2019. This is an interim measure and the Board will be reconstituted again once a suitable candidate is identified to be appointed as Managing Director, or as and when the Board deems appropriate. Once an appropriate candidate has been identified and appointed, the necessary announcement(s) relating to such appointment will be made.

(4) Mr Oh Keng Lim was terminated as employee and re-designated as Non-Executive Director of the Company with effect from 29 November 2019.

(5) Ms Heather Chong resigned as Non-Executive and independent Director of the Company with effect from 29 April 2019.

(6) Mr Yee Kit Hong was appointed as Non-Executive and independent Director of the Company with effect from 19 August 2019. 4 Board meetings, 2 Audit and Risk Committee meetings and 1 Remuneration Committee meeting were held since Mr Yee Kit Hong's appointment in FY2019.

(7) Mr Loo Woei Harng was appointed as Chief Operating Officer of the Company on 31 October 2019 and as Director with effect from 29 November 2019. There were no meetings held since Mr Loo Woei Harng's appointment in FY2019.

(8) Mr Tan Thiam Hee was appointed as Non-Executive Director of the Company with effect from 29 November 2019. There were no meetings held since Mr Tan Thiam Hee's appointment in FY2019, but he attended 4 Board meetings, 2 Audit and Risk Committee meetings and 1 Remuneration Committee meeting by invitation prior to his appointment.

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Training of Directors

The Company does not have a formal training programme for new Directors. However, to assist the Board in discharging its duties, a newly appointed Director will be provided with a detailed information pack and also attend an orientation course where they will be briefed on the business' operations and regulatory issues relating to the Group. Directors are also informed of regulatory changes affecting the Group. In addition, members of the Board participate in seminars and receive training to improve themselves in the discharge of their duties as Directors.

Access to Information

All Directors have separate, independent and unrestricted access to all levels of senior executives in the Group and the Company Secretaries. All Directors are continuously updated by Management on the developments within the Group and are furnished with complete and adequate information in a timely manner to enable full deliberation on the issues to be considered at the respective meetings. Board papers with sufficient background and explanatory information are circulated before each meeting. From time to time, managerial staff, lawyers, the Company's auditors or external consultants engaged on specific projects are invited to attend the Board and Board Committee meetings so as to provide additional insight into the matters for discussions.

Hence, the Board is of opinion that, under the present arrangement, information provided to the Board is sufficient and timely for it to perform its duties effectively.

Access to Independent Professional Advice

Any Director has the right to seek independent legal, accounting or other professional assistance at Company's expense on matters relevant to carrying out their duties as a director. Directors must ensure that the costs are reasonable and must inform the Chairman and seek approval from the Board before such advice is sought.

Remuneration

The Remuneration Committee comprises three members, all of whom are Non-Executive Directors and two of whom are independent Directors. The Remuneration Committee is chaired by Mr Ko Chuan Aun and has as its members, Mr Ang Ah Nui and Ms Glenda Mary Sorrell-Saunders.

The Remuneration Committee has a formal written Charter and, accordingly, is mainly responsible for:

(i) in consultation with the Chairman of the Board, recommending to the Board for its endorsement, a framework of remuneration for the Board and the key executives of the Company, covering all aspects of remuneration, including and without limitation, Directors' fees, salaries, allowances, bonuses, employees' performance shares and benefits-in-kind;

(ii) determining the specific remuneration packages for each Executive Director of the Company (or Executive of similar rank if he is not an Executive Director);

(iii) reviewing the remuneration of senior management/key executives;

(iv) proposing, for approval by the Board, appropriate and meaningful measures for assessing the Executive Directors' performance;

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(v) considering what compensation commitments, the Executive Directors' contracts of service, if any, would entail in the event of early termination;

(vi) considering whether Directors should be eligible for benefits under long-term incentive schemes; and

(vii) overseeing the administration of the Company's Employee Performance Share Plan, including without limitation, as follows:

(a) identifying Directors and employees of the Company and its related companies to whom employee performance shares should be granted; and

(b) determining the number, the timing and the vesting period for the granting of employee performance shares.

The Group's remuneration policy is to provide remuneration packages appropriate to attract, retain and motivate the Executive Directors and senior executives required to run the Group successfully. The Company has in place service contracts for each of its Executive Directors which set out the framework of their remuneration. The Remuneration Committee will, upon the expiry of such service contracts, recommend to the Board a framework for the remuneration of such Executive Directors. Senior executives, including the Executive Directors, are also subject to an annual performance review in which performance is measured against objectives related to the Company's strategy and business plans. The performance reviews for the financial year ended 31 December 2019 have been satisfactorily completed.

The Company's Employee Performance Share Plan ("**Koon EPSP**") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 October 2009. The Koon EPSP had expired on 12 October 2019. Since the approval and adoption of the Koon EPSP and prior to its expiry on 12 October 2019, 1,579,000 ordinary shares had been issued under Koon EPSP.

Remuneration and Incentives of Directors and key Executives

The Executive Directors do not receive directors' fees. The fees for non-executive Directors comprised a basic retainer fee and additional fees for other appointments.

The remuneration of the Directors of the Company and top five Key Executives of the Group for the financial year ended 31 December 2019 are:

	Salary(1) %	Bonus(1) %	Other benefits(2) %	Directors' Fees(3) %	Total %	Total S$
Non-Executive Directors						
Ang Sin Liu				100%	100%	25,000
Ang Ah Nui				100%	100%	22,500
Glenda Mary Sorrell-Saunders				100%	100%	32,500
Ko Chuan Aun				100%	100%	32,500
Heather Chong(4)					N/A	Nil
Yee Kit Hong(5)				100%	100%	11,964
Oh Keng Lim(7)				100%	100%	1,758
Tan Thiam Hee(8)					N/A	Nil
Total remuneration						**126,222**

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	Salary[(1)]	Bonus[(1)]	Other benefits[(2)]	Directors' Fees[(3)]	Total	Total
	%	%	%	%	%	S$
Executive Directors						
Yuen Kai Wing[(6)]	44%		56%		100%	461,322
Oh Koon Sun	96%		4%		100%	327,792
Oh Keng Lim[(7)]	82%		18%		100%	276,379
Loo Woei Harng[(9)]	100%				100%	31,294
Total remuneration						**1,096,787**

(1) Salary and bonus include Central Provident Fund contributions

(2) Other benefits include car benefits and tax borne by the Company for Mr Yuen Kai Wing

(3) Directors' fees are subject to shareholders approval at the Annual General Meeting.

(4) Ms Heather Chong resigned as Non-executive and independent Director of the Company with effect from 29 April 2019.

(5) Mr Yee Kit Hong was appointed as Non-executive and independent Director of the Company with effect from 19 August 2019.

(6) Mr Yuen Kai Wing resigned as Managing Director of the Company with effect from 5 August 2019.

(7) Mr Oh Keng Lim was terminated as an employee and re-designated as Non-executive Director of the Company with effect from 29 November 2019

(8) Mr Tan Thiam Hee was appointed as Non-Executive Director of the Company with effect from 29 November 2019. Mr Tan is a director and sole shareholder of Viva Corporate Advisory Pte. Ltd. which is providing advisory services and assistance to the Company to manage its restructuring and realignment exercise. Details of the consultancy fees are disclosed on page 38, under Interested Person Transactions.

(9) Mr Loo Woei Harng was appointed as Chief Operating Officer of the Company on 31 October 2019 and as Director of the Company with effect from 29 November 2019.

Top Executives of the Group	Salary[(1)]	Bonus[(1)]	Other benefits[(2)]	Total
	%	%	%	%
Between S$250,000 to S$500,000				
Yee May Yo[(3)]	92%	0%	8%	100%
Up to S$250,000				
Peter Tan[(4)]	NIL	NIL	NIL	NIL
Lim Weng Tang	100%	0%	0%	100%
Lim Et Seng	91%	0%	9%	100%
Chung Lee Ching	89%	0%	11%	100%
Tan Teck Hwee	84%	0%	16%	100%

(1) Salary and bonus include Central Provident Fund contributions

(2) Other benefits include car benefits and housing expenses borne by the Company

(3) Resigned on 3 February 2020.

(4) Peter Tan was appointed on 3 February 2020 (Not applicable for FY2019)

The aggregate remuneration of top Key Executives of the Group amounted to S$969,768 for the financial year ended 31 December 2019.

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Accountability

The Board recognises its responsibility to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis. Further, the Board has adopted the practice of communicating major developments in its business and operations to shareholders, the ASX and SGX-ST, employees and other stakeholders.

Audit and Risk Committee

The Audit and Risk Committee comprises three members, all of whom are independent directors. The Audit and Risk Committee is chaired by Mr Yee Kit Hong and has as its members Mr Ko Chuan Aun and Ms Glenda Mary Sorrell-Saunders.

The qualifications and experience of the members of the Audit and Risk Committee are outlined in their respective profiles on page 14 of this Annual Report.

The Audit and Risk Committee has a formal written Charter which stipulates the duties of the Audit and Risk Committee as follows:

(a) to review with the Group's external auditors:

- (i) the audit plan, including the nature and scope of the audit, before the audit commences;
- (ii) their evaluation of the adequacy of the Company's system of internal accounting controls;
- (iii) their audit report; and
- (iv) their management letter and Management's response;

(b) to ensure co-ordination where more than one audit firm is involved;

(c) to review the half-yearly and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval, focusing in particular, on:

- (i) significant financial reporting issues and judgments;
- (ii) changes in accounting policies and practices, including but not limited to the appropriateness of the accounting judgments or choices exercised by Management in preparing the said financial statements;
- (iii) major risk areas;
- (iv) significant adjustments resulting from the audit;
- (v) the going concern statement;
- (vi) compliance with accounting standards;
- (vii) compliance with the stock exchange and statutory/regulatory requirements, including but not limited to that of the ASX and the SGX-ST;

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(viii) compliance with, inter alia, the Singapore Code on Take-overs and Mergers and the ASX Principles; and

(ix) prior to the approval of the said financial statements, ensuring that the Managing Director and Chief Financial Officer provide a declaration that, in their opinions, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and that the opinions have been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Audit and Risk Committee is to ensure that the aforementioned financial statements reflect the understanding of the Audit and Risk Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Group;

(d) to review any formal announcements relating to the Company's financial performance;

(e) to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary;

(f) to meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;

(g) to review the assistance given by Management to the external auditors;

(h) in relation to the external auditors:

(i) to review annually the scope and results of the audit and its cost effectiveness as well as the independence, objectivity, and performance of the external auditors;

(ii) where the auditors also provide non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be affected;

(i) to review the internal audit programme and ensure co-ordination between the internal and external auditors and Management;

(j) in relation to the internal auditors:

(i) to review the scope and adequacy of the internal audit work plan; and

(ii) the objectivity and performance of the internal auditors;

(k) to review the scope and adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls;

(l) to review the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and ensure annually the adequacy of the internal audit function;

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(m) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

(n) to investigate any matter within its terms of reference, with full access to and co-operation by the Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(o) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up actions;

(p) to report to the Board its findings from time to time on matters arising and requiring the attention of the Audit and Risk Committee;

(q) to review interested person transactions ("**IPTs**") falling within the scope of the listing rules of the ASX, as well as the relevant provisions under the listing rules of the SGX-ST in relation to IPTs;

(r) to recommend to the Board:

  (i) the appointment, re-appointment and removal of the external auditors and the internal auditors;

  (ii) approve the remuneration and terms of engagement of the external auditors and the internal auditors; and

  (iii) the rotation of the audit engagement partner;

(s) to undertake such other reviews and projects as may be requested by the Board;

(t) to ensure that the external auditors attend the annual general meetings of the Company and are available to answer questions from shareholders of the Company relevant to the audit; and

(u) to undertake such other functions and duties as may be required by statute, the listing rules of the ASX and the SGX-ST, and by such amendments made thereto from time to time, as well as all relevant legislation of Singapore, Australia, or any other relevant jurisdiction(s).

The duties of the Audit and Risk Committee in relation to risk management shall be to oversee the Company's risk management systems, practices and procedures to ensure effectiveness of risk identification and management, and compliance with internal guidelines and external requirements, by carrying out, inter alia, the following duties:

(a) to ensure a system is set up to identify, assess and monitor risks associated with the operations of the Group, and examine any other matters relating to risks that are referred to it by the Board;

(b) to build consensus among the Board members and Management on acceptable risk levels (in terms of risk likelihood and its impact) and monitor current risk levels;

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(c) to assess whether the risk management framework is appropriate and adequate. The framework shall be based on the following principles:

  (i) understand the Company's key drivers of success;

  (ii) assess the risks in the Company's strategy(ies);

  (iii) define the role of the Board and the various Board committees (from time to time) with regard to risk oversight;

  (iv) consider whether the Company's risk management system, including people and processes, is appropriate and has sufficient resources;

  (v) work with Management to understand and agree on the types (and format) of risk information as the Board requires;

  (vi) encourage a dynamic and constructive risk dialogue between Management and the Board, including a willingness to challenge assumptions;

  (vii) closely monitor the potential risks to the Company's culture and its incentive structure;

  (viii) monitor critical alignments of strategy, risk, controls, compliance, incentives and people;

  (ix) consider emerging and interrelated risks; and

  (x) periodically assess the Board's risk oversight processes;

(d) to monitor Management accountability for risk management processes and compliance with risk policies;

(e) to promote the establishment of a "risk-aware" culture;

(f) to review and make recommendations to the Board in relation to risk management;

(g) to consider, and make recommendations to the Board in connection with, the compliance by the Group with its risk management strategy(ies);

(h) to report to the Board on any material changes to the risk profile of the Group;

(i) to monitor and refer to the Board any instances involving material breaches or potential breaches of the Group's risk management strategy(ies); and

(j) to engage such independent professional advice as it considers necessary in fulfilling its duties as stated in the terms of reference of the Audit and Risk Committee.

The Audit and Risk Committee has full access to, and co-operation of, Management and has been given the resources required for it to discharge its functions properly. It may also invite any Director and Executive Officer to attend its meetings. The external auditors have unrestricted access to the Audit and Risk Committee Chairman and the Audit and Risk Committee. The external auditors and internal auditors meet with the Audit and Risk Committee without the presence of Management at least once annually.

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Whistleblower Policy

The Group has in place a Whistleblower Policy which sets out the procedures by which staff can, in confidence, raise concerns about misconduct in the Group or possible improprieties relating to financial reporting or other matters. All complaints are to be directed to the Chairman of the Audit and Risk Committee. Where investigation is necessary, the Audit and Risk Committee will direct an independent investigation to be conducted on the complaint received. Details of the whistle-blowing policy have been made available to all employees.

Diversity Policy

The Company has not established a policy concerning diversity because diversity issues are embedded within the Company's Vision & Mission Statement. As a result of the Company not having a formal policy on diversity, there are no measurable objectives for achieving gender diversity. However, the Company is an equal opportunity employer. As seen below, women are well represented amongst the Company's workforce. The Company also has one female director on the Board.

Across the Group the current gender split as at 31 December 2019 is as follows:

	Female	%	Male	%
All employees	31	37%	52	63%
Managers	6	35%	11	65%
Senior Executives	2	40%	3	60%
Directors	1	11%	8	89%
Total	40	35%	74	65%

References:-

All employees	Executives (excludes Workers and Operators)
Managers	Managers
Senior Executives	Chief Financial Officer & Senior Managers
Directors	Directors

Recognising and Managing Risks

Management is responsible for identifying and managing risks. The Board is responsible for satisfying itself that a sound system of risk oversight and management exists and that internal controls are effective. In addition to maintaining appropriate insurance and other risk management measures, identified risks are managed through:

(i) Established policies and procedures for the management of funding and financial instruments.
(ii) Standards and procedures in relation to environmental and health and safety matters.
(iii) Training programs in relation to legal and compliance issues.
(iv) Procedures requiring significant capital and revenue expenditure and other contractual commitments are approved at an appropriate level or by the Board.
(v) Risk management systems and policies that govern the management of risk.

The internal audit function as part of its activities monitors the Management's actions to manage risk. The external and internal audit functions are separate and independent of each other.

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The Company has outsourced its internal audit function to BDO LLP, however, no internal audit work has been conducted for the financial year ended 31 December 2019 after the announcement of the proposed restructuring of the Group. The Audit and Risk Committee has to review BDO LLP's appointment after the conclusion of the restructuring to determine which are the entities remaining that will form part of the internal auditor's engagement in order to settle on the new scope to report on internal controls and processes.

The Company's risk management framework is integrated with the day-to-day business processes and functional responsibilities. The review of this framework is an ongoing process. However, the Board has been charged with reviewing the framework at least annually. The Board and the Audit and Risk Committee are satisfied that the Company's framework of internal controls is adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding its assets and shareholders' investments. Such framework serves to provide reasonable assurance against material misstatement or loss.

In accordance with recommendation 7.4 of the ASX Principles, the economic, environmental and social sustainability risks referred to in the said recommendation are inherent in the Company's business and operations, manifested as issues pertaining to waste disposal, noise pollution and workplace health and safety. The Company's exposure to such risks is already managed by the Company based on its day-to-day operations in projects execution. Please refer to page 3 of the Annual Report for further details in relation to the Company's commitment to quality projects, fostering a safe work environment and its approach to social sustainability.

For each financial period the Board receives assurance from the Managing Director and the Chief Financial Officer that:

(i) the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards; and

(ii) the risk management and internal compliance and control systems which implement the policies adopted by the Board in relation to financial reporting risks are sound, appropriate and operating efficiently and effectively in all material respects.

Code of Conduct

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

The Board has endorsed a Vision & Mission Statement which outlines acceptable behaviour and attitudes expected from all staff to promote and maintain the confidence and trust of all those dealing with the Group.

The Vision & Mission Statement, which may be viewed on the Company's website and on page 2 of this Annual Report, is the subject of periodic review to ensure that it covers all relevant issues and sets standards consistent with the Company's commitment to ethical and responsible behaviours.

Communication with Shareholders

The Board is mindful of its obligations to provide timely disclosure of material information presented in a fair and objective manner to shareholders and does so through the Annual Report, results announcements, its website and other announcements on developments within the Group or in relation to disclosures required by the stock markets. The information is released through ASX and SGX-ST websites and is also available on the Company's website.

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The Board regards the Annual General Meeting ("**AGM**") as an opportunity to communicate directly with shareholders and encourages shareholder attendance and participation at this forum. The Chairman and other Directors attend the AGM and are available to answer questions from shareholders at the AGM. The external auditors are also present to assist Directors in addressing any relevant queries from shareholders. The forthcoming AGM will be held by way of electronic means in view of the COVID-19 pandemic, further details of which are set out in the Notice of Annual General Meeting.

All shareholders will receive the Annual Report of the Company and Notice of Annual General Meeting and through notices published in the newspapers within the mandatory period. The Company's shareholders can also access information on the Group at the Group's corporate website. The website provides, *inter alia*, all publicly disclosed financial information, corporate announcements, press release, Annual Reports and profiles of the Group. In view of the COVID-19 pandemic, the Annual Report and Notice of Annual General Meeting for the forthcoming AGM will not be physically despatched to shareholders, and will be uploaded on SGXNet and ASX and may be accessed at the Company's website as well.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the Notice of Meeting, all shareholders are eligible to vote on all resolutions. Shareholders who cannot attend the AGM may lodge a proxy in accordance with the Company's Constitution and the Companies Act. Members who hold shares through The Central Depository (Pte) Limited ("**CDP**") or have shares registered in their name may lodge proxy forms by post or hand delivery to the company's registered office, or by email, to the address set out in the CDP proxy form. For shareholders who hold shares through CHESS Depositary Nominees Pty Ltd ("**CDI**"), proxy forms may be lodged by post or hand delivery to the address specified in the CDI proxy forms.

The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in his place. Pursuant to the Companies Act, a member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" is for this purpose defined under the Companies Act and includes the Central Provident Fund Board as well as banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation.

Resolutions to be passed at general meetings are always separate on each distinct issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

Whilst it is not a common practice in Singapore that shareholders are provided with the option to receive communications from, and send communications to, the Company and the security registry electronically, the Company will consider the possibility of implementing the above.

Interested Person Transactions

The Group has established an internal policy to ensure that transactions with interested persons are reported in a timely manner to the Audit and Risk Committee for review and the transactions are carried out on arm's length basis on terms not prejudicial to the interests of the Group and its minority shareholders.

During the financial year ended 31 December 2019, the following transactions were entered into by the Group involving the interests of substantial shareholders or Directors of the Company, which were either subsisting at the end of the financial year or, entered into since the end of the previous financial year.

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Name of Interested persons	Aggregate value of all interested person transactions S$'000
ASL Offshore & Marine Pte Ltd	
- Subcontractor income	2,609
- Marine transport expenses	4
ASL Shipyard Pte Ltd	
- Equipment rental income	200
- Equipment rental expenses and charter expenses	963
- Yard and dormitory rental expenses	391
- Upkeep of barge expenses	276
- Drydocking and repair expenses	6,140
ASL Marine Contractor Pte Ltd	
- Marine transport income	283
- Marine transport expenses	48
- Equipment rental expenses and charter expenses	89
PT Cemara Intan Shipyard	
- Equipment rental income	30
Vosta LMG Dredges BV	
- Purchase of equipment	480
Vosta LMG Components & Services BV	
- Purchase of equipment	664
Singa Tenaga Investments Pte Ltd	
- Secondment fee income	189
Sintech Metal Industries Pte Ltd	
- Subcontractor income	34
- Sale of scrap metal	139
- Equipment rental expenses and charter expenses	20
- Upkeep of barge expenses	5

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Name of Interested persons	**Aggregate value of all interested person transactions** S$'000
Matrix Management Group Pty Ltd	
- Professional fee	53
Ang Ah Nui	
- Consultancy fee expense for FY2018 reversed in FY2019	202
Viva Corporate Advisory Pte. Ltd.*	
- Consultancy Fee	100

Note: **Mr Tan Thiam Hee was appointed as Non-executive Director of the Company with effect from 29 November 2019. Mr Tan is a director and sole shareholder of Viva Corporate Advisory Pte. Ltd. which is providing advisory services and assistance to the Company to manage its restructuring and realignment exercise (including advising on streamlining and restructuring the business and operations of the Company).*

Batam Joint Venture

As reported in the 2013 Annual Report, 2014 Annual Report, 2015 Annual Report, 2016 Annual Report, 2017 Annual Report and 2018 Annual Report, as part of its expansion strategy, the Company had entered into a joint venture arrangement with ASL Marine Holdings Ltd ("**ASL**") in 2013 to establish a plant in Batam, Indonesia for the manufacture of precast concrete products ("**Joint Venture**"). A joint venture company, Sindo-Econ Pte Ltd ("**Sindo-Econ**") was established in May 2013 by the Company's wholly owned subsidiary, Econ Precast Pte Ltd ("**Econ Precast**") and Intan Overseas Investments Pte Ltd ("**Intan Overseas Investments**"), a wholly owned subsidiary of ASL. Each of Econ Precast and Intan Overseas Investments has a 50% equity interest in Sindo-Econ. In November 2013, Sindo-Econ, Econ Precast and Intan Overseas Investments acquired the entire issued share capital of PT Sindomas Precas ("**Batam JV**") for the purpose of establishing the plant and undertaking the precast operations in Batam, Indonesia. Sindo-Econ holds a 90% equity interest in Batam JV while each of Econ Precast and Intan Overseas Investments holds a 5% equity interest in Batam JV.

Mr Ang Sin Liu is the Non-Executive Chairman of the Company, and Mr Ang Ah Nui is a Non-Executive Director of the Company, and together they hold an aggregate interest of 53.68% of the Company. Mr Ang Sin Liu and Mr Ang Ah Nui are also controlling shareholders of ASL. Accordingly, for the purposes of ASX listing rule 10.1, ASL and its subsidiaries are associates of substantial holders, Mr Ang Sin Liu and Mr Ang Ah Nui.

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Joint Venture Agreement

The Joint Venture Agreement is the "umbrella agreement" for this transaction. The Joint Venture Agreement was entered into on 14 March 2014 by the Company and its subsidiaries, Econ Precast, Contech Precast, Bukit Intan Pte Ltd ("**Bukit Intan**"), Sindo-Econ, Batam JV, ASL and ASL's subsidiaries, ASL Offshore & Marine Pte Ltd ("**ASLOM**") and PT Cemara Intan Shipyard ("**PT CIS**") and sets out the terms upon which the parties established and conducted the joint venture precast operations at Batam, Indonesia with effect from 1 January 2014 ("**2014 JV Arrangement**"). During 2016, the parties have made some amendments to the subcontract arrangement which took effect from 1 October 2016 ("**2016 JV Arrangement**"). The principal terms of the 2014 JV Arrangement and the 2016 JV Arrangement are similar as set out below.

However, as part of the Group's restructuring and re-alignment exercise, it is anticipated that the size of the Group's precast operations will continue to wind down and reduce significantly. Accordingly, the Company intends to exercise its rights under the Supplemental Joint Venture Agreement executed 27 March 2017 to terminate the Joint Venture Agreement. Notwithstanding, in accordance with the ASX waiver granted on 1 November 2012 ("**2012 ASX Waiver**") (which provided a waiver from ASX Listing Rule 10.1), the Company is required to include in each annual report a summary of the transactions conducted with the Joint Venture and a summary of the general framework and standard form of the joint venture arrangement. The next section provides a summary of the general framework and terms of the joint venture arrangement, including the 2014 JV Arrangement and 2016 JV Arrangement.

Between Bukit Intan, Sindo-Econ, Batam JV and ASL

2014 JV Arrangement

Econ Precast and/or Contech Precast will, at their sole discretion, subcontract external precast orders to Bukit Intan. The subcontract value ("**Initial Subcontract Value**") awarded to Bukit Intan will be calculated to be 90% of the order price secured by Econ Precast or Contech Precast from external parties.

Upon receiving the subcontract award from Econ Precast or Contech Precast, Bukit Intan will in turn award the production subcontract to Batam JV at an agreed price ("**Production Subcontract Price**") and will provide part of the raw materials required ("**Key Raw Materials**") to Batam JV for precast operations.

ASLOM, a subsidiary of ASL, has entered into a transport agreement with Bukit Intan in accordance with which ASLOM will undertake the marine transport logistics for the delivery of goods between Batam, Indonesia and Singapore at an agreed price ("**ASL Freight Charge**").

The Production Subcontract Price will be calculated to be 97% of the Initial Subcontract Value after deducting the costs of Key Raw Materials and the ASL Freight Charge.

Sindo-Econ owns the majority of the movable plant and equipment which will be used by Batam JV in its precast operations. In consideration for the use of the plant and equipment by Batam JV, Sindo-Econ will charge Bukit Intan an agreed agency fee ("**JV Agency Fee**") which will be calculated to be 8% of the Production Subcontract Price.

2016 JV Arrangement effective from 1 October 2016

Econ Precast and/or Contech Precast will, at their sole discretion, subcontract external precast orders directly to Sindo-Econ. The subcontract value ("**2016 Subcontract Value**") awarded to Sindo-Econ will be calculated to be 92% of the order price secured by Econ Precast or Contech Precast from external parties. Sindo-Econ will in turn award the production subcontract to Batam JV and will provide the Key Raw Materials to Batam JV for precast operations.

CORPORATE GOVERNANCE STATEMENT

In view of the change in subcontract award directly to Sindo-Econ, the following arrangements have been modified under the 2016 JV Arrangement:

- Sindo-Econ has ceased to charge JV Agency Fee to Bukit Intan under the 2016 JV Arrangement;

- ASLOM has entered into various transport agreements directly with Sindo-Econ in accordance with which ASLOM will undertake the marine transport logistics for the delivery of goods between Batam, Indonesia and Singapore at an agreed price ("**2016 ASL Freight Charge**");

- To cater for the anticipated increasing volume of precast production at Batam JV going forward, Econ Precast will also provide marine transport logistics for the delivery of goods between Batam, Indonesia and Singapore. The freight rate chargeable by Econ Precast to Sindo-Econ will be pegged to the 2016 ASL Freight Charge; and

- In addition, Econ Precast may procure additional plant and machinery required for the operation of the Batam JV. Econ Precast will charge machine rental to Sindo-Econ which will be pegged to the market machine rental rate.

Shareholders should note that under the 2016 JV Arrangement the award of subcontracts by Econ Precast and Contech Precast to Sindo-Econ were made on arm's length commercial terms in the ordinary course of business of Econ Precast and Contech Precast and were the same, in all material respects (save for the subcontract value), as the terms of precast orders made by customers of Econ Precast and Contech Precast.

Shareholders should also note that the financial risk and rewards of the activities of Sindo-Econ and Batam JV were shared equally between the Company and ASL in accordance with their respective 50% equity interests in Sindo-Econ and Batam JV.

Between Batam JV and ASL

PT CIS, a subsidiary of ASL, owns the land at Batam, Indonesia where the precast operations are conducted by Batam JV. PT CIS has entered into various lease agreements with Batam JV in accordance with which Batam JV leases the premises as well as workshop and storage facilities, including the use of immovable infrastructure facilities built by PT CIS for use in the precast operations, at agreed monthly rental rates calculated by reference to the areas of land, workshop and storage facilities occupied by Batam JV ("**ASL Rental**").

Purchase of Plant and Equipment by Sindo-Econ and Batam JV

To facilitate the establishment of the precast manufacturing plant at Batam, Indonesia, Sindo-Econ had procured the movable plant and equipment for use by Batam JV in its precast operations from subsidiaries of the Company and ASL as well as from external suppliers.

Batam JV had also procured certain smaller equipment (including precast moulds) required for its precast operations. Batam JV will procure its equipment from subsidiaries of the Company and ASL as well as from external suppliers.

The following transactions in connection with the Joint Venture were conducted during the financial year ended 31 December 2019:

CORPORATE GOVERNANCE STATEMENT

Name of Interested persons	Aggregate value of all interested person transactions S$'000
Sindo-Econ Pte Ltd	
- Purchase of precast components by the Group	42,823
- Marine transportation expense charged by the Group	3,117
ASL Marine Contractors Pte Ltd	
- Marine transport services charged to Sindo-Econ Pte Ltd	2,230
PT Sindomas Precas	
- Land rental expenses charged by ASL (ASL rental)	1,563
- Equipment rental expenses charged by the Group	732
- Purchase of raw materials charged by ASL	21

The commercial terms of the Joint Venture entered into between the Company and/or its subsidiaries and ASL, and the transactions entered into between the Company and/or its subsidiaries and ASL during the financial year ended 31 December 2019 do not differ in any material respect from agreements and contracts entered into with the Company's non-related parties and are no more favourable to the JV parties than to non-related parties.

Through the Joint Venture, the Company was able to utilise the resources of ASL at Batam, Indonesia to expand its precast manufacturing operations beyond the Company's existing plants in Singapore.

Shareholders' approval for the general framework of the Joint Venture was obtained at the 2014 Annual General Meeting held on 29 April 2014. The above transactions were conducted in accordance with the general framework of the Joint Venture approved by shareholders at that meeting. In accordance with the 2012 ASX Waiver, the Company must seek shareholder approval for the general framework of the Joint Venture every three years from the date shareholder approval is obtained (which was last obtained in 2017). However, as the Company intends to terminate the Joint Venture Agreement, the Company will not be seeking to renew shareholders' approval.

Rental Arrangements with Subsidiaries of ASL

The Group previously rented crawler cranes, excavators, dump trucks, tug boats and barges from subsidiaries of ASL depending on the project requirements.

Mr Ang Sin Liu is the Non-Executive Chairman of the Company, and Mr Ang Ah Nui is a Non-Executive Director of the Company, and together they hold an aggregate interest of 53.68% of the Company. Mr Ang Sin Liu and Mr Ang Ah Nui are also controlling shareholders of ASL. Accordingly, for the purposes of ASX listing rule 10.1, ASL and its subsidiaries are associates of substantial holders, Mr Ang Sin Liu and Mr Ang Ah Nui.

For the last financial year ended 31 December 2019, the Group has procured approximately S$1,072,000 of equipment rental from subsidiaries of ASL in respect of the hire of crawler cranes, excavators, dump trucks, tug boats and barges.

CORPORATE **GOVERNANCE STATEMENT**

General Framework of Rental Arrangements

In accordance with the ASX waiver granted by ASX on 3 November 2016 ("**2016 ASX Waiver**"), the Company and its subsidiaries entered into a Master Lease Agreement with ASL and its subsidiaries to establish the standard form of agreement under which the Company and its subsidiaries would rent the machinery, equipment and vessels from ASL and its subsidiaries. The Company also commissioned William Buck Corporate Advisory Services (NSW) Pty Limited as an independent expert to prepare an Independent Expert's Report in relation to the proposed rental of machinery, equipment, tugs and barges by Koon and/or its subsidiaries from ASL and/or its subsidiaries.

The Master Lease Agreement was the "umbrella agreement" which stipulated the principal standard form of agreement under which the Company and its subsidiaries could from time to time rent the machinery, equipment and vessels from ASL and its subsidiaries. The Master Lease Agreement was entered into on 30 May 2017 by the Company, Koon Construction & Transport Co. Pte. Ltd. ("**KCTC**"), Entire Engineering Pte Ltd ("**EEPL**"), Entire Construction Pte. Ltd. ("**ECPL**"), Econ Precast Pte. Ltd. ("**EPPL**"), Contech Precast Pte. Ltd. ("**CPPL**"), ASL, ASL Shipyard Pte. Ltd. ("**ASLS**"), ASL Offshore & Marine Pte. Ltd. ("**ASLOM**"), ASL Marine Contractors Pte. Ltd. ("**AMC**") and PT. Cemara Intan Shipyard ("**PT CIS**"). The parties agreed that each lease agreement effected going forward would be subject to the principal terms of the Master Lease Agreement and any ancillary documentation.

The Company intends to terminate the Master Lease Agreement as the Group no longer requires the provision of rental equipment, vessels and machinery from ASL and subsidiaries. Notwithstanding, it was a condition of the 2016 ASX Waiver that each annual report for the Company sets out the terms and conditions of the rental arrangements entered into between the Company and ASL and its subsidiaries. This section provides a summary of the general framework and terms of the rental arrangements.

The principal variable terms relating to the lease of equipment, machinery and vessels were specified in Schedule 1 (for machinery and equipment) and Schedule 2 (for vessels) of the Master Lease Agreement. When a schedule was completed and executed by the parties, the lease between the parties was governed by that schedule and the terms of the Master Lease Agreement.

The Master Lease Agreement provided that the Company and its subsidiaries must have performed the following procedures ("**Procedures**") to ensure that the leasing and rental arrangements with respect to equipment, machinery and vessels hired from ASL and its subsidiaries were on an arms' length basis, and on normal commercial terms consistent with its usual business practices with unrelated third party suppliers:

(a) a comparison of rental rates obtained from ASL and/or its subsidiaries must have been made with reference to at least two (2) quotations to be obtained from unrelated third parties, for the same or substantially similar types of equipment, machinery, vessels and other capital goods available from ASL and/or its subsidiaries, so as to assess whether the price and terms offered by ASL and/or its subsidiaries were fair and reasonable and in accordance with industry norms;

(b) where such a comparison was impractical or the prevailing market rental rates are not available, the senior management staff of the relevant subsidiary of the Company (who had no interest, direct or indirect, in the transaction) would determine the rental rate with ASL and/or its subsidiaries in accordance with the Company's usual business practices, taking into consideration factors including, but not limited to, the project requirements of the Company and/or its subsidiaries, the availability, quality, conditions and specifications of the equipment, machinery, vessels and other capital goods available from ASL and/or its subsidiaries; and

(c) where the value of the monthly rental rate or the aggregate yearly rental amount exceeded or was expected to exceed 5% of the equity interest of the Company, such rental transaction shall be subject to review by the Audit Committee of the Company.

CORPORATE GOVERNANCE STATEMENT

Schedule 1 of the Master Lease Agreement, which applied to the lease of machinery and equipment, contained principal terms and conditions including: the rental period, rental rate, working hours, normal working days, transportation cost, payment terms, supervision, insurance, repair and upkeep, hirer's other responsibilities, property rights and governing law and notices. The table below sets out a summary of the key terms and conditions detailed in Schedule 1:

Category	Summary of Terms and Conditions
Rental Period	The rental period is left blank and is to be filled in in each instance of a lease or rental agreement being effected between the parties to the Master Lease Agreement
Rental Rate	The rental rate will either be a bare month rental rate (which excludes an operator) or a monthly rental rate (which includes an operator from the owner but not diesel); The rental rate is left blank and is to be filled in in each instance of a lease or rental agreement being effected between the parties to the Master Lease Agreement; and In the instance of a monthly rental rate, the rental rate shall apply to a period of at least 1 month, with any additional days to be charged according to an overtime rate and no refund to be given in the event of an early return.
Working Hours (of operator)	These are left blank and are to be completed. Any work performed by the operator outside of the specified working hours for Monday to Saturday, or work performed by the operator on a Sunday or Public Holiday, is to be charged at an overtime rate.
Transportation Cost	Transportation charges to and from the site shall be borne by the hirer (i.e. Koon and/or its subsidiaries); or Transportation charges to and from the site shall be borne by the owner (i.e. ASL and/or its subsidiaries) provided the rental period exceeds a minimum of ______ months.
Payment Terms	30 days from date of invoice; and Any late payment will incur an additional 1% interest charge per month from the due date until paid in full.
Supervision	If the rental includes an operator of the equipment from the owner, the operator/driver provided is deemed to be working under the supervision and control of the hirer and all works are carried out at the hirer's risk.
Insurance	The owner shall procure and ensure that the necessary insurance is in-place for the equipment; Hirer shall be fully liable for any loss or damage to the equipment (saved for the amount recovered under the equipment Insurance procured by the owner) and any third party claims; and When necessary, the hirer shall ensure that other insurance such as Public Liability, Workmen Compensation, and Contractors' All-Risk are procured and in effect prior to the commencement of usage of the equipment.
Repair and Upkeep	Hirer shall be responsible and bear the costs for the regular preventive maintenance, servicing, repair of breakdowns and replacement consumables required for the proper and safe operation of the equipment; and Hirer shall indemnify the owner against any loss, expense, damages, liability or claim arising from or in connection with the hirer's failure to repair or keep proper maintenance and upkeep of the equipment.

CORPORATE **GOVERNANCE STATEMENT**

Category	Summary of Terms and Conditions
Hirer's Other Responsibilities	During the hired period, the hirer shall ensure the following: No un-authorised removal, alteration, or modification is carried out on the equipment or any part thereof; Hirer shall obtain all necessary licenses permits and permissions for the use of the equipment. All fines or court summons arising from the hirer's use of the equipment shall be borne and paid by the hirer to the relevant authorities; The usage of the equipment does not contravene any statute, ordnance or in any manner become liable for seizure, confiscation or forfeiture whereby owner may be liable for any penalty or legal proceedings. In the event of such an occurrence, the hirer shall indemnify owner against all fines, penalties or expenses incurred as a result of contravention such penalty or legal proceedings; and Hirer shall permit owner and its appointed agents at any time to inspect or test the equipment.

Schedule 2 of the Master Lease Agreement, which applied to the chartering of vessels including tug boats and barges, provided that the charter contact for vessels was to be pegged to the Baltic and International Maritime Council time charter contract prepared by ASL in accordance with maritime clauses and contracts covering the ship-related operation and activity.

The Master Lease Agreement was intended to facilitate the entering of the leasing and rental arrangements with respect to equipment, machinery and vessels hired from ASL and its subsidiaries in the ordinary course of business of the Company and its subsidiaries on an arms' length basis, which the Directors envisaged were likely to be transacted with some frequency and from time to time with ASL and its subsidiaries.

Shareholders' approval for the general framework of the rental arrangements was obtained at the Extraordinary General Meeting held on 25 July 2017. The 2016 ASX Waiver specified that the Company must seek shareholder approval for the general framework of the rental arrangements every three years from the date shareholder approval is last obtained.

However as it is anticipated that utilization of rental equipment will continue to reduce significantly and that the Group no longer requires these services from ASL and its subsidiaries, the Company intends to terminate the Master Lease Agreement prior to the 2020 Annual General Meeting. Hence, the Company will not be seeking renewal of shareholder approval at the 2020 Annual General Meeting.

Dealing in Company's Securities by Directors and Employees

The Group maintains a Share Trading Policy that complies with the requirements under the ASX listing rules and ASX Guidance Note 27 - Trading Policies, as amended on 23 August 2019.

The policy is provided to all Directors and employees.

The Share Trading Policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the price of the Company's shares.

Under the Share Trading Policy, Directors and Prescribed Employees are restricted from dealing in the Company's securities during the following Blackout Periods, except in exceptional circumstances:

(i) the period commencing two weeks before the half year results and one month before the annual results are released and ending on the date of their release; and
(ii) any other period determined by the Board from time to time.

A copy of the Share Trading Policy can be found on the Company's website.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Koon Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due is dependent on the matters set out in Note 2.2 to the financial statements.

The directors consider that different possibilities regarding the future exist and that the differing outcomes can cause the financial position as at 31 December 2019, together with profit or loss, other comprehensive income and changes in equity for the year then ended, to be very different from what is currently presented in the financial statements. The directors also consider that there are no practical means available to resolve such difficulties, due to the effect of the differing outcomes, in the preparation of these financial statements. Accordingly, the directors are of the opinion that, notwithstanding these difficulties, the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of shareholders and other stakeholders who may use these financial statements. Further details on the basis of preparation of these financial statements are set out in Note 2.1 to the financial statements.

In the opinion of the directors,

(i) having regard to and taking into consideration the matters disclosed in the financial statements, in particular Note 2.2 to the financial statements, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and of fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, subject to the matters referred to in Note 2.2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Ang Sin Liu	
Ang Ah Nui	
Oh Koon Sun	
Oh Keng Lim	
Glenda Mary Sorrell-Saunders	
Ko Chuan Aun	
Yee Kit Hong	(appointed on 19 August 2019)
Loo Woei Harng	(appointed on 29 November 2019)
Tan Thiam Hee	(appointed on 29 November 2019)

DIRECTORS' STATEMENT

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Shareholdings of director		
Name of director	**At the beginning of year**	**At the end of year**	**At 21 January 2020**
Ordinary shares of the Company			
Ang Sin Liu	18,660,800(1)	18,660,800(1)	18,660,800(1)
Ang Ah Nui	122,571,819(2)	122,571,819(2)	122,571,819(2)
Oh Keng Lim	10,159,996	10,159,996	10,159,996
Oh Koon Sun	7,205,378	7,205,378	7,205,378

Notes:

(1) Included 18,340,800 shares registered in the name of a nominee.
(2) Included 45,000,000 shares registered in the name of a nominee.

By virtue of section 7 of the Singapore Companies Act, Ang Ah Nui is deemed to have an interest in all the related corporations of the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later or at the end of the financial year.

DIRECTORS' STATEMENT

Employee performance share plan

(a) Terms and conditions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP")

The Koon EPSP was approved by the Shareholders of the Company at an Extraordinary General Meeting held on 12 October 2009.

The terms of the Koon EPSP include the following:

(1) *Eligibility*

(i) Employees who are eligible to participate in the Koon EPSP must:

- be confirmed in his employment with the Group;
- have attained the age of 21 years on or before the date of award; and
- not be an un-discharged bankrupt.

(ii) An executive director who meets the eligibility criteria above is eligible to participate in the Koon EPSP. However, controlling shareholders (including controlling shareholders who are executive directors) and their associates are not eligible to participate in the Koon EPSP.

(iii) Non-executive directors are not eligible to participate in the Koon EPSP.

(2) *Awards*

(i) Awards represent the right of a participant to receive fully paid-up shares free of charge, provided certain prescribed performance target(s) are met and upon the expiry of the prescribed vesting periods (if any).

(ii) The Remuneration Committee shall decide, in relation to each award to be granted to a Participant:

- the date on which the award will be granted;
- the number of shares which are the subject of the award;
- the prescribed performance targets;
- the performance period during which the prescribed performance targets are to be satisfied;
- the imposition of a vesting period and the duration of this vesting period, if any;
- the extent to which the shares under that award shall be released on the condition that prescribed performance target(s) are being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period and upon the expiry of the prescribed vesting period; and
- such other conditions as the Remuneration Committee may deem appropriate, in its absolute discretion.

DIRECTORS' STATEMENT

Employee performance share plan (cont'd)

(a) Terms and conditions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP") (cont'd)

(3) *Selection of Participants*

The Koon EPSP is administrated by the Remuneration Committee whose members are:

Ko Chuan Aun - Chairman
Glenda Mary Sorrell-Saunders
Ang Ah Nui

A participant of the Koon EPSP who is a member of the Remuneration Committee shall not be involved in the deliberation of the award to be granted to that member of the Remuneration Committee.

The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the Koon EPSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

(4) *Timing*

Awards may be granted at any time in the course of a financial year. Any award made but prior to the vesting shall lapse, *inter alia*, if any of the following events occur:

(i) the misconduct of a participant;
(ii) the termination of the employment of a participant;
(iii) the bankruptcy of a participant;
(iv) the retirement, ill health, injury, disability or death of a participant;
(v) the participant, being an executive director, ceasing to be a director of the Company for any reason whatsoever;
(vi) a winding-up of the Company; and
(vii) any other event approved by the Remuneration Committee.

(5) *Size and Duration of the Koon EPSP*

The total number of shares which may be granted under the Koon EPSP shall not exceed 5% of the issued ordinary shares of the Company on the day preceding the relevant date of award. In line with the SGX-ST Listing Manual requirements, in the event the Company establishes any other share plan(s) or any other option scheme(s), the aggregate of shares under all such share plan(s) and options granted under all such option scheme(s) will not exceed 15%.

The Company may also deliver shares pursuant to awards granted under the Koon EPSP in the form of existing shares purchased from the market or from shares held in treasury. Such methods will not be subject to any limit as they do not involve the issuance of any new shares. The Company shall obtain shareholders' approval through a Share Buyback Mandate prior to purchasing its shares from the market.

DIRECTORS' **STATEMENT**

Employee performance share plan (cont'd)

(a) Terms and conditions of the Koon Holdings Employee Performance Share Plan ("Koon EPSP") (cont'd)

(5) *Size and Duration of the Koon EPSP (cont'd)*

The Koon EPSP will continue in force at the discretion of the Remuneration Committee up to a maximum of 10 years commencing from the date of its adoption by the Company provided that the Koon EPSP may continue beyond this stipulated period with the approval of its shareholders in a general meeting and the required approval by relevant authorities.

Notwithstanding the expiry or termination of the Koon EPSP, any award made prior to expiry or termination will remain valid.

(6) *Operation of the Koon EPSP*

Awards granted under the Koon EPSP to whom they are given shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the approval of the Remuneration Committee. However, the shares granted to a Participant pursuant to a grant of the award may be transferred, charged, assigned, pledged otherwise disposed of, in whole or in part.

The terms of employment or appointment of a Participant in the Koon EPSP shall not be affected by any award to be made therein.

(b) There was no grant of awards during the year. The Remuneration Committee has previously approved a total grant of awards of 1,579,000 shares as follows:

(i) 994,000 shares awarded and vested in 2009;

(ii) 330,000 shares awarded in 2010 which were vested equally over three years with 110,000 shares each issued in 2011 to 2013; and

(iii) 360,000 shares awarded in 2011 of which 105,000 shares were forfeited due to the resignation of employees. Of the balance awards of 255,000 shares, 165,000 shares were vested in 2013 and 90,000 shares were vested in 2014.

There were no (2018: nil) ordinary shares issued during the year pursuant to the Koon EPSP.

DIRECTORS' STATEMENT

Employee performance share plan (cont'd)

(b) There was no grant of awards during the year. The Remuneration Committee has previously approved a total grant of awards of 1,579,000 shares as follows: (cont'd)

Accumulated shares awarded were as follows:

	Number of shares			
	Not issued		Issued	
	2019	2018	2019	2018
Directors				
Tan Thiam Hee (resigned on 31 July 2013 and re-appointed on 29 November 2019)	–	–	140,000	140,000
Oh Koon Sun	–	–	104,000	104,000
Oh Keng Lim	–	–	100,000	100,000
	–	–	344,000	344,000
Other members of key management	–	–	380,000	380,000
Other employees	–	–	855,000	855,000
Total number of shares granted under the Koon EPSP	–	–	1,579,000	1,579,000

(c) At the end of the financial year, there were no unissued shares of the Company or any corporations in the Group under option.

Audit and Risk Committee

The Audit and Risk Committee of the Company is chaired by Yee Kit Hong and includes Glenda Mary Sorrell-Saunders and Ko Chuan Aun. They are also independent directors of the Company. The Audit and Risk Committee has met four times in 2019 and had reviewed the following, where relevant, with the executive directors and external auditors of the Company:

(a) the audit plan of the external auditor;

(b) reviewed Interested Person Transactions;

(c) the Group's financial and operating results and accounting policies;

(d) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditor's report on those financial statements;

(e) the half-yearly and annual announcements as well as the related press release on the results and financial position of the Group;

DIRECTORS' STATEMENT

Audit and Risk Committee (cont'd)

(f) the co-operation and assistance given by the management to the Group's external auditor; and

(g) the re-appointment of the external auditor of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditor has unrestricted access to the Audit and Risk Committee.

Further details regarding the Audit and Risk Committee are disclosed in the Corporate Governance Statement.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Oh Koon Sun
Director

Loo Woei Harng
Director

Singapore
31 March 2020

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
TO THE MEMBERS OF KOON HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of Koon Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and the statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Use of the going concern assumption

The Group recorded a net loss of $95.1 million for the year ended 31 December 2019. As at that date, the Group's current liabilities exceeded its current assets by $45.7 million and is in net deficit position of $34.2 million. As at 31 December 2019, the Company's current liabilities exceeded its current assets by $40.8 million and is in net deficit position of $35.5 million. These factors and the other challenging conditions as disclosed in Note 2.2 indicate the existence of material uncertainties which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

As disclosed in Note 2.2 to the financial statements, the directors have prepared the financial statements on a going concern basis based on the assumption that the Group will be able to successfully complete the schemes of arrangement with its creditors, successfully implement the Group corporate restructuring exercise, will receive continuing support from its suppliers, financial institutions and all its other stakeholders and its future operations remain profitable.

However, based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption to prepare the financial statements as the validity of the going concern assumption is dependent on the successful outcome of the assumptions and Group's efforts as disclosed in Note 2.2 to the financial statements. The assumptions are premised on future events, the outcome of which is inherently uncertain.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
TO THE MEMBERS OF KOON HOLDINGS LIMITED

Responsibilities of Auditor for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the Group's and Company's financial statements in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by the 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 partner on the audit resulting in this independent auditor's report is Sam Lo Geok Lim.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018[1] $'000 (Re-presented)
Continuing operations			
Revenue	5	89,270	112,123
Cost of sales		(150,306)	(102,287)
Gross (loss)/profit		(61,036)	9,836
Other income	6	28,134	13,334
Distribution costs		(63)	(45)
Administrative and other expenses		(12,608)	(14,113)
Finance costs	7	(2,175)	(2,588)
Impairment losses on financial assets	8	(37,732)	(116)
Impairment losses on non-financial assets	8	(12,211)	–
Share of results of joint ventures		–	(6,496)
Loss before tax from continuing operations	8	(97,691)	(188)
Taxation	9	1,385	(190)
Loss from continuing operations, net of tax		(96,306)	(378)
Discontinued operation			
Profit from discontinued operation, net of tax	10	1,215	860
(Loss)/Profit for the year		(95,091)	482
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange loss on translation of foreign operations		(272)	(1,035)
Other comprehensive loss, net of tax		(272)	(1,035)
Total comprehensive loss for the year		(95,363)	(553)
(Loss)/Profit for the year attributable to:			
Owners of the Company			
Continuing operations		(96,306)	(378)
Discontinued operation		898	637
		(95,408)	259
Non-controlling interests			
Discontinued operation		317	223
		(95,091)	482

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing or discontinued operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018[1]
		$'000	$'000
			(Re-presented)
Total comprehensive (loss)/income attributable to:			
Owners of the Company			
Continuing operations		(96,284)	(342)
Discontinued operation		681	(156)
		(95,603)	(498)
Non-controlling interests			
Discontinued operation		240	(55)
		(95,363)	(553)
(Loss)/Earnings per share (cents per share):			
Continuing operations			
- Basic	11	(36.60)	(0.14)
- Diluted	11	(36.60)	(0.14)
Discontinued operation			
- Basic	11	0.34	0.24
- Diluted	11	0.34	0.24

[1] The comparative figures have been re-presented to report separately profit and loss items for continuing or discontinued operations

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	12	795	2,921	78	68
Pledged fixed deposits	12	–	19	–	–
Trade receivables	13	10,944	29,725	–	–
Other receivables	14	27,794	39,203	1,061	6,643
Inventories	15	–	3,053	–	–
Contract assets	13	13,358	55,579	–	–
Investment securities (quoted)	16	20	18	–	–
Assets held for sale	20(b)	18,167	–	–	–
Assets of disposal group classified as held for sale	10	24,060	–	10,730	–
Total current assets		95,138	130,518	11,869	6,711
Non-current assets					
Other receivables	14	–	95	–	–
Properties held for development	17	–	14,173	–	–
Subsidiaries	18	–	–	5,203	57,476
Joint ventures	19	–	174	–	–
Property, plant and equipment	20(a)	15,069	81,672	63	268
Total non-current assets		15,069	96,114	5,266	57,744
Total assets		110,207	226,632	17,135	64,455

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BALANCE SHEETS
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	23	59,261	39,239	–	–
Other payables	24	11,595	33,843	48,657	16,179
Contract liabilities	5c	–	7,704	–	–
Provisions	25	24,986	–	3,976	–
Loans and borrowings	22	27,622	33,246	–	–
Lease liabilities	21(b)	7,736	16,505	19	65
Provision for share of a joint venture's losses	19	–	10,430	–	–
Income tax payable		86	113	–	18
Liabilities directly associated with disposal group classified as held for sale	10	9,543	–	–	–
Total current liabilities		140,829	141,080	52,652	16,262
Non-current liabilities					
Lease liabilities	21(b)	3,614	22,764	3	74
Other payables	24	–	177	–	–
Deferred tax liabilities	26	–	1,484	–	1
Total non-current liabilities		3,614	24,425	3	75
Capital and reserves					
Share capital	27	25,446	25,446	25,446	25,446
Capital reserve	28	8,380	8,802	13,006	13,006
Accumulated (losses)/profits		(71,404)	24,004	(73,972)	9,666
Translation reserve		325	(537)	–	–
Reserves of disposal group held for sale	10	(635)	–	–	–
(Deficit)/equity attributable to owners of the Company		(37,888)	57,715	(35,520)	48,118
Non-controlling interests		–	3,412	–	–
Non-controlling interests of disposal group held for sale	10	3,652	–	–	–
Total (deficit)/equity		(34,236)	61,127	(35,520)	48,118
Total liabilities and equity		110,207	226,632	17,135	64,455

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital reserve	Accumulated profits	Translation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	'000	$'000	$'000
Group							
Opening balance at 1 January 2018 (FRS framework)	25,446	8,802	30,132	(5,863)	58,517	3,467	61,984
Cumulative effects of adopting SFRS(I)	–	–	(6,387)	6,083	(304)	–	(304)
Opening balance at 1 January 2018 (SFRS(I) framework)	25,446	8,802	23,745	220	58,213	3,467	61,680
Profit for the year	–	–	259	–	259	223	482
Other comprehensive loss for the year, net of tax	–	–	–	(757)	(757)	(278)	(1,035)
Total comprehensive income/(loss) for the year	–	–	259	(757)	(498)	(55)	(553)
Closing balance at 31 December 2018	25,446	8,802	24,004	(537)	57,715	3,412	61,127

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital reserve	Accumulated (losses)/ profits	Translation reserve	Reserves of disposal group held for sale	(Deficit)/ Equity attributable to owners of the Company	Non-controlling interests	Non-controlling interests of disposal group held for sale	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Opening balance at 1 January 2019	25,446	8,802	24,004	(537)	–	57,715	3,412	–	61,127
(Loss)/Profit for the year	–	–	(95,408)	–	–	(95,408)	317	–	(95,091)
Other comprehensive loss for the year, net of tax	–	–	–	(195)	–	(195)	(77)	–	(272)
Total comprehensive (loss)/income for the year	–	–	(95,408)	(195)	–	(95,603)	240	–	(95,363)
Reserves and non-controlling interests attributable to disposal group classified as held for sale	–	(422)	–	1,057	(635)	–	(3,652)	3,652	–
Closing balance at 31 December 2019	25,446	8,380	(71,404)	325	(635)	(37,888)	–	3,652	(34,236)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital $'000	Capital reserve $'000	Accumulated profits/ (losses) $'000	Total $'000
Company				
Opening balance at 1 January 2018	25,446	13,006	9,659	48,111
Profit for the year, representing total comprehensive income for the year	–	–	7	7
Balance at 31 December 2018 and 1 January 2019	25,446	13,006	9,666	48,118
Loss for the year, representing total comprehensive loss for the year	–	–	(83,638)	(83,638)
Closing balance at 31 December 2019	25,446	13,006	(73,972)	(35,520)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		$'000	$'000
Operating activities			
Loss before tax from continuing operations		(97,691)	(188)
Profit before tax from discontinued operation		1,764	1,183
(Loss)/Profit before tax		(95,927)	995
Adjustments for:			
Impairment losses on financial assets	8	37,732	116
Impairment losses on non-financial assets	8	12,211	–
Impairment of investment in a joint venture	8	174	–
Reversal of provision for share of a joint venture's losses	6	(10,430)	–
De-recognition of other payables upon settlement with a creditor	6	(8,580)	–
Depreciation of property, plant and equipment		14,965	16,673
Fair value (gain)/loss on investment securities (quoted)		(2)	8
Property, plant and equipment written off		55	2
Interest expense		2,350	2,960
Interest income		(1)	(59)
Dividend income		–	(2,900)
Inventories written down		534	46
Gain on disposal of property, plant and equipment (net)		(3,316)	(278)
Gain on disposal of assets held for sale (net)		–	(3,030)
Provision/(Reversal of provision) for onerous contracts	8	1,250	(27)
Provision for performance bonds and guarantees	8	3,976	–
Provision for liquidated damages	8	19,760	–
Financial guarantees		327	–
Share of results of joint ventures		–	6,496
Unrealised exchange gain		(159)	(485)
Operating cash flows before changes in working capital		(25,081)	20,517
Changes in working capital:			
Contract assets (net)		20,629	(5,658)
Trade and other receivables		4,806	(6,625)
Inventories		2,301	(325)
Trade and other payables		4,649	1,640
Cash flows from operations		7,304	9,549
Income tax paid		–	(1,200)
Net cash flows from operating activities		7,304	8,349

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Investing activities			
Dividend received from investment securities		–	2,900
Proceeds from disposal of property, plant and equipment		29,463	500
Proceeds from disposal of assets held for sale		–	4,474
Purchase of property, plant and equipment (Note A)		(419)	(578)
Interest received		1	56
Net cash flows from investing activities		29,045	7,352
Financing activities			
Proceeds from bank loans		24,045	35,912
Repayment of bank loans		(26,195)	(37,753)
Proceeds from bills payable		37,987	70,299
Repayment of bills payable		(42,819)	(73,103)
Repayment of lease liabilities		(24,718)	(15,578)
Interest paid		(2,175)	(2,748)
Decrease/(Increase) in pledged fixed deposits		19	(1)
Net cash flows used in financing activities		(33,856)	(22,972)
Net increase/(decrease) in cash and cash equivalents		2,493	(7,271)
Effects of exchange rate changes on cash and cash equivalents		(6)	(302)
Cash and cash equivalents at 1 January		(2,399)	5,174
Cash and cash equivalents at 31 December	12	88	(2,399)

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $5,175,000 (2018: $6,746,000) of which $nil (2018: $3,075,000) was acquired under finance lease arrangements, $2,514,000 (2018: $333,000) was acquired under bank loans and bill payable and $2,242,000 (2018: $2,760,000) was still outstanding as at balance sheet date. Cash payment of $419,000 (2018: $578,000) was made for the purchase of property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. Corporate information

The Company (Registration No. 200303284M) is incorporated in Singapore with its registered office and principal place of business at 11 Sixth Lok Yang Road, Singapore 628109. The Company is listed on the Australian Securities Exchange Limited ("ASX") and on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. The basis of preparation of the financial statements is affected by the matter described in Note 2.2 below.

The financial statements are presented in Singapore Dollars ("SGD" or "$"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Proposed scheme of arrangements and going concern*

Proposed scheme of arrangements

The Company and its subsidiary, Koon Construction & Transport Co. Pte. Ltd. ("KCTC" and together with the Company, the "Applicants") have appointed Tan Kok Quan Partnership as their legal advisor and RSM Corporate Advisory Pte Ltd as their financial consultant and Scheme Manager to advise on strategies for restructuring the debts and liabilities of the Applicants so that the Group may continue as a going concern.

On 8 October 2019, applications were filed with the High Court of the Republic of Singapore ("Court") pursuant to section 211B of the Companies Act (Cap. 50) ("Act") to obtain an order, amongst other things, that no legal action or proceedings against the Applicants be commenced or continued against the Applicants for a period of 90 days from the date of the order to be granted ("Moratoria"), except by leave of the Court and subject to such terms as the Court may impose.

On 7 November 2019, the Applicants were granted Moratoria until 28 February 2020 to propose a scheme of arrangement to their creditors pursuant to section 210(1) of the Act ("Schemes"). The Moratoria have since been extended to 30 April 2020 to allow the Applicants sufficient time to put the Schemes in place.

The proposed schemes of arrangement to be made between the Company and its creditors (the "KHL Scheme") and between KCTC and its creditors (the "KCTC Scheme"), are necessary to address the various debt obligations owed by the Applicants to their respective creditors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.2 ***Proposed scheme of arrangements and going concern (cont'd)***

Proposed scheme of arrangements (cont'd)

Pursuant to section 210 of the Companies Act, a scheme would be binding on the creditors of the company if a majority in number (over 50%) representing at least three-fourths (75%) in value of the creditors in every voting class, voting in person or by proxy, voted in favour of the scheme at the scheme meeting. Alternatively, the scheme meeting would be adjourned if the abovementioned proportions of the company's creditors voted for an adjournment.

Both the KHL Scheme meeting and KCTC Scheme meeting were held on 25 February 2020. The KHL Scheme meeting was adjourned after a major creditor's request for adjournment, as it would like to be provided with more information. The KCTC Scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting at the KCTC Scheme meeting.

At the adjourned KHL Scheme meeting held on 27 March 2020, the KHL Scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting.

As both the Schemes have been approved by the Scheme creditors, the applications to the Court will be lodged to obtain the sanction required for the implementation of the respective Schemes.

Going concern

The Group and the Company have deficiency in net assets of $34,236,000 and $35,520,000 respectively as at 31 December 2019 and the Group incurred a net loss of $95,091,000 for the financial year then ended. These factors and the challenging conditions affecting the construction and precast sectors in Singapore indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations (both short term and long term) as and when they fall due is dependent mainly on:

a) the Court sanctioning the Schemes;
b) the successful implementation of the Schemes;
c) the Group's ability to secure funding as and when required;
d) the profitability of future operations of the Group; and
e) the continuing support of financial institutions, suppliers of goods and services and all other stakeholders.

The Group has also received expression of interests from various potential investors on possible restructuring exercises. The ability of the Group and the Company to continue as a going concern is also dependent on the successful implementation of the corporate restructuring exercise.

2. Summary of significant accounting policies (cont'd)

2.2 ***Proposed scheme of arrangements and going concern (cont'd)***

Going concern (cont'd)

The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation at least for a period of twelve months from the reporting date. This means that the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

The amount of assets and liabilities currently recorded in the accounting records of the Company and its subsidiaries, including amounts recoverable from or payable to group companies, are based on claims and payables which have arisen in the ordinary course of business. It is currently difficult to assess and estimate, with any degree of certainty, the amounts at which the assets will ultimately be realised or recovered, and the amounts at which liabilities should be recorded, owing to the uncertainties caused by the current difficult operating conditions and the ongoing restructuring of the Group.

The directors consider that different possibilities regarding the future exist and that the differing outcomes can cause the financial statements as at 31 December 2019 to be materially different from what is currently presented in these financial statements. The directors also consider that there are no practical means available to resolve such difficulties in the preparation of these financial statements for the financial year under review. In this respect, the directors are of the opinion that, notwithstanding these difficulties, the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of all stakeholders who may read these financial statements.

2.3 ***Change in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for annual financial periods beginning on or after 1 January 2019. Except for SFRS(I) 16 *Leases,* the adoption of these standards and interpretations did not have a material effect on the financial performance or position of the Group and the Company.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 *Leases* supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases-Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.3 *Changes in accounting policies (cont'd)*

Lessor accounting under SFRS(I) is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 did not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1 - 17 and SFRS(I) INT 4 at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was, as follows:

	Group	Company
	$'000	$'000
	Increase/(decrease)	Increase/(decrease)
Assets		
Property, plant and equipment	4,845	–
Liabilities		
Lease liabilities	4,845	–

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.23.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.23. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 January 2019.

2. Summary of significant accounting policies (cont'd)

2.3 *Change in accounting policies (cont'd)*

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for any related prepaid and accrued lease payment previously recognised, if any. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of $72,802,000 were recognised and presented within property, plant and equipment in the statement of financial position. This includes the lease assets recognised previously under finance lease arrangement of $67,957,000; and
- Lease liabilities of $44,114,000 were recognised in the statement of financial position. This includes the lease obligation recognised previously under finance leases of $39,269,000 that were reclassified from Finance lease obligations.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018, as follows:

	Group	Company
	$'000	$'000
Operating lease commitment as at 31 December 2018	5,297	–
Less: Commitments relating to short-term leases and leases of low-value assets	(430)	–
Add: Lease payments relating to renewal periods and changes in lease period not included in operating lease commitments as at 31 December 2018	343	–
Lease liabilities as at 1 January 2019	5,210	–
Weighted average incremental borrowing rate as at 1 January 2019	3.63%	–
Discounted operating lease commitments as at 1 January 2019	4,845	–
Add: Commitments relating to leases previously classified as finance leases	39,269	139
Lease liabilities as at 1 January 2019	44,114	139

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.4 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.5 *Basis of consolidation and business combinations*

(a) ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) ***Business combination and goodwill***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.5 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business combination and goodwill (cont'd)***

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.7 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	–	50 years
Leasehold land	–	3 to 4 years
Leasehold buildings	–	1 to 9 years
Plant and machinery	–	2 to 25 years or end of project life (if shorter)
Barges and dredgers	–	3 to 24 years
Trucks and motor vehicles	–	5 to 10 years or end of project life (if shorter)

Freehold land has an unlimited useful life and therefore is not depreciated.

Assets under construction are not depreciated as these assets are not yet available for use.

2. Summary of significant accounting policies (cont'd)

2.8 *Property, plant and equipment (cont'd)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.11 ***Joint arrangements***

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.12.

2.12 ***Joint ventures***

The Group accounts for its investments in joint ventures using the equity method from the date on which it becomes a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.12 ***Joint ventures (cont'd)***

Under the equity method, the investment in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies of joint ventures in line with those of the Group.

2.13 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

Debt instruments

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. The measurement categories for classification of debt instruments applicable to the Group are:

(i) *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through the amortisation process.

(ii) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cashflows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial instruments (cont'd)***

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.14 ***Impairment of financial assets (cont'd)***

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 ***Contract assets***

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. A contract asset is recognised when the Group has the right to consideration in exchange for goods and services that the Group has transferred to a customer when that right is conditional on something other than passage of time (for example, the Group's future performance). A contract asset becomes a trade receivable when receipt of the consideration is unconditional and only the passage of time is required before the consideration is due.

The contract assets relate to unbilled work-in-progress and have substantially the same characteristics as the trade receivables for the same type of contracts. The impairment policy as explained in Note 2.14 also applies to contract assets.

2.16 ***Cash and cash equivalents***

Cash and cash equivalents comprise of cash at bank and on hand which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. These costs are assigned by using the weighted average cost formula.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 ***Properties held for development***

Properties held for development are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Properties held for development are held as inventories and are measured at the lower of cost and net realisable value.

2. Summary of significant accounting policies (cont'd)

2.18 ***Properties held for development (cont'd)***

Net realisable value of properties held for development is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.19 ***Provisions***

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contract

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.20 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the grant is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.21 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 ***Employee benefits***

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

(c) *Share-based payments*

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2. Summary of significant accounting policies (cont'd)

2.23 *Leases*

Policy applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9. The Group's right-of-use assets are presented within property, plant and equipment in Note 20(a).

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.23 ***Leases (cont'd)***

(a) *As lessee (cont'd)*

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.24(c).

Policy applicable before 1 January 2019

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.24(c).

2. Summary of significant accounting policies (cont'd)

2.24 *Revenue*

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 a promised good or service to the customer, which is when the customer obtains control of the good or service. 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.

(a) *Sale of precast components*

The Group manufactures and supplies precast components for customers. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the contractual price.

Progress billings to the customers are typically triggered upon certification by external specialists. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

(b) *Construction contract revenue*

The Group provides construction works for civil and drainage engineering, building, shore protection and marine and foundation works. The Group's construction contracts are accounted for as a single deliverable (i.e. single performance obligation).

The Group recognises revenue from construction works over time as the Group's performance does not create an asset with alternative use to the Group and it has concluded that is has an enforceable right to payment for performance completed to date.

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is determined based on the costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.24 ***Revenue (cont'd)***

(b) *Construction contract revenue (cont'd)*

Progress billings to the customers are typically triggered upon certification by external specialists. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant financing component

In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

(c) *Rental of machinery and equipment*

Revenue from the rental of machinery and equipment is recognised on a straight-line basis over the lease term.

(d) *Power station capacity credits*

Power station capacity credits are notional units of capacity that are valid for a particular reserve capacity year and are allocated to a specific generating plant by the Independent Market Operator in Australia. Capacity credits revenue is recognised when the performance obligations are satisfied (at a point in time when the power station capacity credits are consumed).

2. Summary of significant accounting policies (cont'd)

2.25 *Dividend and interest income*

Dividend income is recognised in profit or loss when the Group's right to receive payment has been established.

Interest income is recognised in profit or loss, as it accrues, using the effective interest method.

2.26 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.26 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.27 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment results are regularly reviewed by management in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.29 ***Contingencies***

A contingent liability is:

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

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

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

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.31 ***Non-current assets held for sale and discontinued operations***

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Summary of significant accounting policies (cont'd)

2.31 *Non-current assets held for sale and discontinued operations (cont'd)*

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 10. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, except for those disclosed in Note 5(b) to the financial statements.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(i) Construction contract revenue

Construction contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract.

Management has determined that a cost-based input method for these services provides a faithful depiction of the Group's performance in transferring control of the goods and services promised to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

The estimated total contract costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the Group's other similar construction contracts for the past 3 to 5 years.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The carrying amounts of contract assets and contract liabilities arising from construction contracts at the end of the reporting period are $10,179,000 and $nil (2018: $48,299,000 and $88,000) respectively.

(ii) Provision for expected credit loss on trade and other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 34(a).

The carrying amount of trade receivables, other receivables and contract assets as at 31 December 2019 are $10,944,000, $27,794,000 and $13,358,000 (2018: $29,725,000, $39,298,000 and $55,579,000) respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. Significant accounting judgements and estimates (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(iii) Impairment of property, plant and equipment

An impairment exists when the carrying value of property, plant and equipment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses, on an annual basis, whether there are trigger events indicating potential impairment. Where applicable, the Group considers independent valuation reports of valuation specialists to support the recoverable amounts of certain property, plant and equipment. The fair values are determined by external specialists using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

The carrying amount of the Group's property, plant and equipment is disclosed in Note 20(a).

(iv) Impairment of assets held for sale and disposal group classified as held for sale

An impairment exists when the carrying value of assets held for sale or a disposal group classified as held for sale is lower than its fair value less costs of disposal.

The fair value less costs of disposal calculation for assets held for sale is based on available data from binding sales transactions in an arm's length transaction of those assets or observable market prices less incremental costs for disposing the asset.

The fair value less costs of disposal calculation for the disposal group classified as held for sale is based on a discounted cash flow model derived from the budget for the next five years. The fair value is most sensitive to the discount rate and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of the Group's assets held for sale and disposal group classified as held for sale is disclosed in Note 20(b) and Note 10 respectively.

(v) Impairment of investment in subsidiaries

The Company reviews the carrying amounts of investment in subsidiaries for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. The Company evaluates the performance of the subsidiaries, among other factors, in determining whether there are indicators of impairment.

For the investments in subsidiaries, the Company has considered the net asset values of the individual subsidiaries for the purposes of determining whether any impairment loss needs to be recorded. The Company has assessed that the carrying amount of the Company's investment in certain subsidiaries exceeded the recoverable amount and an impairment loss was recorded during the year.

The carrying amount of the Company's investment in subsidiaries is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. Related party transactions

Some of the Group's transactions and arrangements are with related parties that are not members of the Group. During the year, the Group entered into the following transactions with related parties at terms agreed between the parties:

	Group	
	2019	2018
	$'000	$'000
Parties related to a substantial shareholder of the Group		
Equipment rental income	(230)	(325)
Marine transport income	(283)	(873)
Secondment fee income	(189)	(348)
Sale of scrap metal	(139)	–
Subcontract income	(2,643)	(5,106)
Marine transport expenses	52	6
Equipment rental and charter expenses	1,072	454
Upkeep of barges expenses	281	–
Purchase of equipment	1,144	2,102
Subcontract expenses	–	51
Yard and dormitory rental expenses	391	499
Drydocking and repair expenses	6,140	–
A substantial shareholder of the Group		
Consultancy fee expenses	–	202
De-recognition of other payables upon waiver by the substantial shareholder of the Group	(202)	–
Joint venture of the Group		
Marine transport income	(3,117)	(2,427)
Equipment rental income	(732)	(327)
Sale of equipment	–	(82)
Purchase of precast components	42,823	19,932
Purchase of raw materials	–	1,327
Parties related to directors of the Company		
Professional fees	153	55

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. Related party transactions (cont'd)

Sindo-Econ Group had entered into the following transactions with related parties (related by way of common shareholder) that are not members of the Group:

	Group	
	2019	**2018**
	$'000	$'000
Land rental expenses	1,563	1,541
Marine transport expenses	2,230	1,695
Purchase of raw materials	21	–

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2019	**2018**
	$'000	$'000
Short-term benefits	2,132	2,692
Defined contribution plans	61	75
	2,193	2,767

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS
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5. Revenue

(a) *Disaggregation of revenue*

Segments	Construction		Precast		Total revenue	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
						(Re-presented)
Primary geographical market						
Singapore	34,732	82,268	54,410	29,855	89,142	112,123
Malaysia	–	–	128	–	128	–
	34,732	82,268	54,538	29,855	89,270	112,123
Major revenue streams						
Construction contracts revenue	25,171	73,093	–	–	25,171	73,093
Sale of precast components	–	–	53,575	26,227	53,575	26,227
Rental of machinery and equipment	9,561	9,175	963	3,628	10,524	12,803
	34,732	82,268	54,538	29,855	89,270	112,123
Timing of transfer of goods or services						
Over time	25,171	73,093	–	–	25,171	73,093
At a point in time	–	–	53,575	26,227	53,575	26,227

(b) *Judgement and methods used in estimating revenue*

Recognition of revenue from construction contracts over time

For construction contracts revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's progress towards completing the performance obligation in the contract, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction projects.

The estimated total costs are generally based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project managers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in the Group's other similar construction contracts for the past 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. Revenue (cont'd)

(c) *Contract assets and contract liabilities*

Information relating to contract balances arising from contracts with customers is disclosed as follows:

	Group		
	2019	**2018**	**1 January 2018**
	$'000	$'000	$'000
Contract assets	13,358	55,579	44,295
Receivables from contracts with customers (Note 13)	10,944	29,725	34,914
Contract liabilities	–	(7,704)	(2,078)

The Group recognised impairment losses on contract assets of $13,889,000 (2018: $nil) and impairment losses on receivables arising from contracts with customers amounting to $1,415,000 (2018: $103,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for construction, precast and electric power generation contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2019	**2018**
	$'000	$'000
Contract assets reclassified to receivables	25,866	30,151
Changes in estimate of transaction price	(2,195)	(912)

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2019	**2018**
	$'000	$'000
Revenue recognised from performance obligations satisfied in previous years due to changes in the estimated transaction price	–	465
Revenue recognised that was included in the contract liability balance at the beginning of the year	7,704	1,878

NOTES TO THE **FINANCIAL STATEMENTS**
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5. Revenue (cont'd)

(d) *Transaction price allocated to remaining performance obligation*

The Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration for one year or less, or

- The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

Variable consideration that is constrained is not included in the transaction price.

The Group has also applied the practical expedient not to disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amounts as revenue for the previous financial year.

As at 31 December 2019, the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is approximately $30,979,000 (2018: $209,040,000). The Group expects that 88% (2018: 62%) may be recognised as revenue in the next financial year with the remaining 12% (2018: 38%) recognised as revenue in the following financial year.

6. Other income

	Group	
	2019	**2018**
	$'000	$'000
		(Re-presented)
Gain on disposal of property, plant and equipment (net)	5,991	278
Gain on disposal of assets held for sale (net)	–	3,030
Reversal of provision for share of a joint venture's losses (Note 19)	10,430	–
De-recognition of other payables upon settlement with a creditor	8,580	–
Dividend income from investee	–	2,900
Interest income	1	3
Sale of scrap metal	164	5,040
Secondment fees for a director	189	348
Supply of labour	673	232
Government grants	177	198
Other service income	299	276
Rental of leasehold properties	285	927
Insurance claims	1,293	–
Others	52	102
	28,134	13,334

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7. Finance costs

	Group	
	2019	2018
	$'000	$'000
		(Re-presented)
Interest expense on:		
- Bank loans, bills payable and bank overdrafts	1,201	1,039
- Lease liabilities	816	1,330
- Significant financing component	158	219
	2,175	2,588

8. Loss before tax from continuing operations

The following items have been included in arriving at loss before tax from continuing operations:

	Group	
	2019	2018
	$'000	$'000
Depreciation of property, plant and equipment	12,371	15,598
Inventories written down, included in cost of sales	534	46
Employee benefits expense (including directors)	23,291	31,664
Directors' remuneration:		
- Directors of the Company	1,223	1,804
- Directors of subsidiaries	8	8
Defined contribution plans included in employee benefits expense (including directors)	786	1,052
Audit fees:		
- Auditor of the Company	265	279
- Other auditors	5	14
Foreign exchange loss (net)	269	579
Impairment losses on financial assets	37,732	116
Impairment losses on non-financial assets	12,211	–
Impairment of investment in a joint venture	174	–
Provision/(Reversal of provision) for onerous contracts (Note 25)	1,250	(27)
Provision for performance bonds and guarantees (Note 25)	3,976	–
Provision for liquidated damages (Note 25)	19,760	–

9. Taxation

Major components of taxation

The major components of taxation for the years ended 31 December 2019 and 2018 are as follows:

	Group	
	2019	**2018**
	$'000	$'000
		(Re-presented)
Current income tax:		
- Current income taxation	–	112
- Under provision in respect of previous years	4	58
Deferred income tax:		
- Origination and reversal of temporary differences	(1,275)	18
- (Over)/Under provision in respect of previous years	(114)	2
Taxation attributable to continuing operations	(1,385)	190
Taxation attributable to discontinued operation (Note 10)	549	323
Taxation recognised in profit or loss	(836)	513

Relationship between taxation and accounting (loss)/profit

A reconciliation between taxation and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	$'000
		(Re-presented)
Loss before tax from continuing operations	(97,691)	(188)
Profit before tax from discontinued operations	1,764	1,183
	(95,927)	995
Tax at the domestic rates applicable to profits in the countries where the Group operates	(16,082)	470
Income not subject to taxation	(2,510)	(1,999)
Non-deductible expenses	3,521	1,037
Share of results of joint ventures	–	1,104
(Over)/under provision in previous years (net)	(110)	42
Deferred tax assets not recognised	14,621	128
Utilisation of previously unrecognised deferred tax assets	(296)	(115)
Effect of partial tax exemption and tax relief	–	(183)
Others	20	29
Taxation recognised in profit or loss	(836)	513

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. Taxation (cont'd)

As at 31 December 2019, the Group had unutilised tax losses, unutilised capital allowances and deductible temporary differences of approximately $99,322,000 (2018: $15,054,000) which may be available for set off against future taxable profits of certain subsidiaries in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the companies operate.

10. Discontinued operation and disposal group classified as held for sale

The Company intends to dispose of the Electric Power Generation division, which is held through its 74.1% owned subsidiary, Tesla Holdings Pty Ltd. The Company has engaged an external consultant to assist in the sale during the year. The sale of Tesla Holdings Pty Ltd and its subsidiaries ("Tesla Group") is expected to be completed within a year from the reporting date. The disposal is part of the Group's ongoing restructuring and realignment exercise to sell its non-core businesses. As at 31 December 2019, the assets and liabilities of Tesla Group have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" respectively, and its results are presented separately on the consolidated statement of comprehensive income as "Profit from discontinued operation, net of tax".

Income statement disclosures

The results of the disposal group for the years ended 31 December are as follows:

	2019	**2018**
	$'000	$'000
Revenue from contracts with customer	5,104	4,730
Cost of sales	(2,389)	(2,615)
Gross profit	2,715	2,115
Other income	43	133
Administrative and other expenses	(459)	(474)
Finance costs	(535)	(591)
Profit before tax from discontinued operation	1,764	1,183
Taxation	(549)	(323)
Profit from discontinued operation, net of tax	1,215	860

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. Discontinued operation and disposal group classified as held for sale (cont'd)

Balance sheet disclosures

The major classes of the assets and liabilities of Tesla Group classified as held for sale and the related reserves as at 31 December are, as follows:

	2019
	$'000
Assets:	
Property, plant and equipment	18,790
Trade receivables	791
Other receivables	809
Inventories	213
Cash and bank balances	3,457
Assets of disposal group classified as held for sale	24,060

	2019
	$'000
Liabilities:	
Trade payables	171
Other payables	373
Lease liabilities	8,350
Deferred tax liabilities	638
Income tax payable	11
Liabilities directly associated with disposal group classified as held for sale	9,543
Reserves:	
Capital reserve	422
Translation reserve	(1,057)
Reserves of disposal group classified as held for sale:	(635)
Non-controlling interests attributable to disposal group held for sale:	
Non-controlling interests	3,652

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. Discontinued operation and disposal group classified as held for sale (cont'd)

Cash flow statement disclosures

The cash flows attributable to the disposal group for the years ended 31 December are as follows:

	2019	2018
	$'000	$'000
Net cash inflows from operating activities	3,114	1,674
Net cash outflows from investing activities	(5)	(114)
Net cash outflows from financing activities	(1,725)	(3,439)
Net cash inflows/(outflows)	1,384	(1,879)

Earnings per share disclosures

Earnings per share (cents per share) from discontinued operation are as follows:		
Basic	0.34	0.24
Diluted	0.34	0.24

11. (Loss)/Earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2019	2018
	$'000	$'000
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	(96,306)	(378)
Profit from discontinued operation, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	898	637

11. Earnings per share (cont'd)

	Group	
	2019	**2018**
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares:		
Basic earnings per share computation	263,098	263,098
Diluted earnings per share computation	263,098	263,098

12. Cash and bank balances

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Cash at bank and on hand	795	1,708	78	68
Fixed deposits	–	1,232	–	–
	795	2,940	78	68
Less: Pledged fixed deposits	–	(19)	–	–
Cash and bank balances	795	2,921	78	68

In 2018, the Group has certain fixed deposits amounting to $19,000 pledged to banks for bank loan facilities granted (see Note 22). The pledged fixed deposits had an average tenure of approximately 365 days and earned interest at average effective rate of 3.35% per annum. The pledge on the fixed deposits was discharged in 2019. The non-pledged fixed deposits had an average tenure of approximately 61 days and earned interest at average effective rate of 2.06% per annum.

The amount of cash and bank balances which are denominated in foreign currencies are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Australian Dollars	8	10	8	10
United States Dollars	1	18	–	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. Cash and bank balances (cont'd)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2019	**2018**
	$'000	$'000
Cash and bank balances	795	2,921
Bank overdrafts (Note 22)	(4,164)	(5,320)
Cash and cash equivalents of continuing operations	(3,369)	(2,399)
Add: Cash and cash equivalents of disposal group classified as held for sale (Note 10)	3,457	–
	88	(2,399)

13. Trade receivables and contract assets

(a) *Trade receivables*

	Group	
	2019	**2018**
	$'000	$'000
Amounts due from external parties	3,753	20,094
Amounts due from related parties	8,553	9,478
Amounts due from joint ventures	–	940
Less: Allowance for expected credit losses	(1,362)	(787)
	10,944	29,725

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from external parties are non-interest bearing and are generally on 30 days' term (2018: 30 days).

Amounts due from related parties and joint ventures are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

(b) *Contract assets*

As at 31 December 2019, the Group has contract assets of $13,358,000 (2018: $55,579,000) which is net of an allowance for expected credit losses of $8,000 (2018: $8,000).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. Trade receivables and contract assets (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables and contract assets is as follows:

	Group			
	Trade receivables 2019	**Contract assets 2019**	**Trade receivables 2018**	**Contract assets 2018**
	$'000	$'000	$'000	$'000
At 1 January	787	8	684	8
Provision for expected credit losses	1,415	13,889	103	–
Written off	(840)	(13,889)	–	–
At 31 December	1,362	8	787	8

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 5(c) while the information about the credit exposures are disclosed in Note 34(a).

The Group has the following trade receivables which are denominated in foreign currencies:

	Group	
	2019	**2018**
	$'000	$'000
United States Dollars	508	–

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14. Other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Receivable for disposal of property, plant and equipment	–	152	–	–
Other deposits	218	825	86	2
Prepayments	397	1,065	65	34
Amounts due from external parties	1,264	621	25	25
Amounts due from related parties	266	1,906	137	1,814
Amounts due from joint ventures	48,120	34,572	–	–
Amounts due from subsidiaries	–	–	3,750	4,913
Tax recoverable	7	215	–	–
Sales tax receivable	150	24	–	–
Others	14	145	–	–
	50,436	39,525	4,063	6,788
Less: Allowance for expected credit losses				
- Due from external parties	(399)	(227)	–	–
- Due from joint ventures	(22,243)	–	–	–
- Due from subsidiaries	–	–	(3,002)	(145)
Allowance for expected credit losses	(22,642)	(227)	(3,002)	(145)
Total other receivables	27,794	39,298	1,061	6,643
Analysed as:				
Current	27,794	39,203	1,061	6,643
Non-current	–	95	–	–
	27,794	39,298	1,061	6,643

Amounts due from related parties, subsidiaries and joint ventures are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Amounts due from external parties are unsecured, non-interest bearing and are expected to be repayable within the next 12 months and are to be settled in cash.

14. Other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of other receivables is as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 January	227	214	145	145
Provision for expected credit losses	22,428	13	2,914	–
Written off	–	–	(57)	–
Attributable to disposal group held for sale	(13)	–	–	–
At 31 December	22,642	227	3,002	145

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

There were no other receivables which are denominated in foreign currencies as at 31 December 2019 and 2018.

15. Inventories

	Group	
	2019	2018
	$'000	$'000
Balance sheet:		
Raw materials	–	297
Finished goods	–	305
Construction materials	–	2,451
	–	3,053
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	45,062	25,776
Inclusive of the following charge:		
Inventories written down	534	46

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16. Investment securities (quoted)

	Group	
	2019	**2018**
	$'000	$'000
At fair value through profit or loss		
– Equity securities (quoted)	20	18

17. Properties held for development

	Group	
	2019	**2018**
	$'000	$'000
Properties held for development	–	14,173

The Group intends to dispose of the properties previously held for development and has engaged an external consultant to assist in the sale during the year. The sale is expected to be completed within a year from the reporting date. The disposal is part of the Group's ongoing restructuring and realignment exercise to sell its non-core assets. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations,* properties held for development were classified as assets held for sale (Note 20(b)).

Properties held for development mainly comprise plots of vacant freehold land located in Malaysia.

Description and Location	**Site Area (square metre)**	**Interest held by the Group**	
		2019	**2018**
		%	**%**
Lot 150205, Mukim Plentong, Johor Bahru, Malaysia	1,416	100	100
Lot 150216-150225, Mukim Plentong, Johor Bahru, Malaysia	1,807	100	100
Lot 68319, Mukim Plentong, Johor Bahru, Malaysia*	42,938	100	100

* Freehold land at Lot 68319 is pledged as security for certain bank loans of a subsidiary (Note 22)

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18. Subsidiaries

	Company	
	2019	**2018**
	$'000	$'000
Unquoted equity shares, at cost	50,930	50,930
Deemed investment in a subsidiary*	17,000	17,000
Less: Allowance for impairment loss	(51,997)	(10,454)
	15,933	57,476
Reclassified to assets of disposal group classified as held for sale (Note 10)	(10,730)	–
	5,203	57,476

* This represents funds provided by the Company to a subsidiary which are deemed to be additional capital contributions in the subsidiary, for it to acquire shares in its subsidiaries.

	Company	
	2019	**2018**
	$'000	$'000
Movement in allowance for impairment loss:		
At 1 January	10,454	10,454
Charge for the year	41,543	–
At 31 December	51,997	10,454

Impairment review of investment in subsidiaries

In the current year, the Company carried out a review of the recoverable amount of the investments in certain subsidiaries as those subsidiaries had been persistently making losses. The review led to the recognition of an impairment loss of $41,543,000 (2018: $nil) recognised in the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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18. Subsidiaries (cont'd)

(a) *Composition of the Group*

The Group has the following investments in subsidiaries:

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held	
		2019 (%)	**2018 (%)**
Held by the Company:			
Entire Engineering Pte Ltd [1]	Rental of construction and civil engineering machinery and equipment (Singapore)	100	100
Entire Construction Pte Ltd [1]	Contractors for civil and engineering works (Singapore)	100	100
Econ Precast Pte Ltd [1]	Manufacturing and trading of precast components and reinforced concrete piles (Singapore)	100	100
Green LCT Pte Ltd [1]	Chartering of ships, barges and boats with crew (freight) (Singapore)	100	100
Koon Construction & Transport Co. Pte Ltd [1]	Contractors for civil and drainage engineering, building, shore protection and marine and foundation works (Singapore)	100	100
Koon Properties Pte Ltd [1]	Investment holding (Singapore)	100	100
Petra I Pte Ltd [1]	Chartering of ships, barges and boats with crew (freight) and marine construction (Singapore)	100	100
Reem Island Pte Ltd [1]	Chartering of ships, barges and boats with crew (freight) (Singapore)	100	100
Tesla Holdings Pty Ltd [2]	Investment holding (Australia)	74	74

18. Subsidiaries (cont'd)

(a) *Composition of the Group (cont'd)*

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held 2019 (%)	2018 (%)
Held through subsidiaries:			
Bukit Intan Pte Ltd (1)	Trading of precast components (Singapore)	100	100
Contech Precast Pte Ltd (1)	Manufacturing and trading of precast components (Singapore)	100	100
Econ Precast Sdn. Bhd (3)	Manufacturing of reinforced concrete piles and precast components (Malaysia)	100	100
Koon Construction & Transport Sdn. Bhd (3)	Contractors for civil engineering and building works (Malaysia)	100	100
Metro Coast Sdn. Bhd (3)	Property development (Malaysia)	100	100
Seven Star Development Sdn. Bhd (3)	Property development (Malaysia)	100	100
Tesla Corporation Pty Ltd (2)	Holding company for electric power generation business (Australia)	74	74
Tesla Corporation Management Pty Ltd (2)	Owns and operates power plant (Australia)	74	74
Tesla Geraldton Pty Ltd (2)	Owns and operates power plant (Australia)	74	74
Tesla Kemerton Pty Ltd (2)	Owns and operates power plant (Australia)	74	74

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18. Subsidiaries (cont'd)

(a) *Composition of the Group (cont'd)*

Name of subsidiaries	Principal activities (Country of incorporation/operation)	Effective equity interest held	
		2019 (%)	2018 (%)
Held through subsidiaries: (cont'd)			
Tesla Northam Pty Ltd [2]	Owns and operates power plant (Australia)	74	74
Triumph Heights Sdn. Bhd. [3]	Property development (Malaysia)	100	100
Unison Progress Sdn. Bhd. [3]	Property development (Malaysia)	100	100

Notes:

(1) Audited by Ernst & Young LLP, Singapore
(2) Tesla group of companies ("Tesla Group") are audited by a member firm of EY Global in Australia. Tesla Group is classified as a disposal group classified as held for sale (Note 10)
(3) Audited by other firms of auditors

(b) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
31 December 2019:					
Tesla Group	Australia	26%	317	3,652	–
31 December 2018:					
Tesla Group	Australia	26%	223	3,412	–

Tesla Group is classified as a disposal group held for sale as at 31 December 2019 (Note 10). The summarised financial information of Tesla Group is presented in Note 10.

19. Joint arrangements

The Group's joint arrangements are strategic to the Group's activities. The Group jointly controls the joint arrangements with partners under contractual agreements which require unanimous consent for all major decisions over their relevant activities.

(a) *Joint ventures*

	Group	
	2019	**2018**
	$'000	$'000
Investment in joint ventures		
- Sindo-Econ Pte Ltd and its subsidiary [(1)]	–	–
- Others [(2)]	–	174
	–	174
Provision for share of a joint venture's losses		
- Sindo-Econ Pte Ltd and its subsidiary	–	(10,430)

[(1)] The investment cost was fully written off in previous years

[(2)] The investment cost was fully written off during the year

During the year, the Group did not recognise losses relating to the joint venture where its share of losses exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses as at 31 December 2019 was $17,862,000, of which $7,576,000 was the share of the current year's losses.

Arising from the corporate restructuring exercise, the Group assessed that it had no obligation in respect of these losses, and has accordingly, reversed the provision for share of the joint venture's losses of $10,430,000 during the year. The reversal of provision was recognised as 'Other income' (Note 6) in the consolidated statement of comprehensive income of the Group for the year ended 31 December 2019.

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19. Joint arrangements (cont'd)

(a) *Joint ventures (cont'd)*

Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Principal activities (Country of incorporation/operation)	Proportion of ownership interest/voting power held	
		2019 (%)	2018 (%)
Held through Econ Precast Pte Ltd:			
Sindo-Econ Pte Ltd (1)	Investment holding and provision of management and consultancy services (Singapore)	50	50
Held through Sindo-Econ Pte Ltd:			
PT. Sindomas Precas (2)	Manufacture of precast components (Indonesia)	50	50

Notes:

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by a member firm of EY Global in Indonesia

Aggregate information about the Group's investment in other joint ventures that are not individually material are as follows:

	Group	
	2019	2018
	$'000	$'000
Profit for the year, representing total comprehensive income for the year	–	–

19. Joint arrangements (cont'd)

(a) *Joint ventures (cont'd)*

Summarised financial information in respect of Sindo-Econ Pte Ltd and its subsidiary ("Sindo- Econ Group") based on their latest available SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Sindo-Econ Group	
	2019	**2018**
	$'000	$'000
Summarised balance sheet:		
Cash and bank balances	291	221
Current assets	40,449	32,914
Non-current assets	4,590	9,249
Total assets	45,330	42,384
Current liabilities [1]	80,767	62,322
Non-current liabilities	286	634
Total liabilities	81,053	62,956
Net liabilities	(35,723)	(20,572)
Proportion of the Group's ownership	50%	50%
Group's share of net assets/(liabilities)	–	(10,286)
Eliminations	–	(144)
Carrying amount of the investment/(Provision for share of losses)	–	(10,430)
[1] Includes current financial liabilities (excluding trade and other payables and provisions)	634	2,470
Summarised consolidated statement of comprehensive income:		
Revenue	43,478	21,266
Interest income	–	1
Depreciation	(18)	(2,733)
Finance costs	(266)	(221)
Loss before tax	(15,151)	(13,012)
Taxation	–	–
Loss for the year, representing total comprehensive loss for the year	(15,151)	(13,012)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. Joint arrangements (cont'd)

(b) *Joint operation*

Details of the Group's joint operation at the end of the reporting period are as follows:

Name of joint operation	Principal activities (Country of incorporation/operation)	Proportion of ownership interest/voting power held	
		2019 (%)	**2018** (%)
POC-K JV	Contractor for infrastructure and civil engineering works (Singapore)	–	50

The Group ceased to have any ownership interest in the joint operation following the termination of the joint venture agreement and the de-registration of the joint operation during the year.

20. Property, plant and equipment/Assets held for sale

(a) *Property, plant and equipment*

	Freehold land	Leasehold land	Freehold buildings	Leasehold buildings	Leasehold improvements	Plant and machinery	Barges and dredgers	Trucks and motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Cost:										
At 1 January 2018	928	–	102	9,432	50	114,013	27,800	13,068	1,954	167,347
Additions	–	–	–	–	–	1,434	5,041	245	26	6,746
Disposals	–	–	–	–	–	(2,006)	–	(259)	(14)	(2,279)
Write-off	–	–	–	–	–	–	–	–	(85)	(85)
Exchange difference	(69)	–	–	–	–	(2,478)	–	–	(5)	(2,552)
At 31 December 2018 and 1 January 2019	859	–	102	9,432	50	110,963	32,841	13,054	1,876	169,177
Effect of adopting SFRS(I) 16	–	965	–	347	–	–	3,455	–	78	4,845
At 1 January 2019 (restated)	859	965	102	9,779	50	110,963	36,296	13,054	1,954	174,022
Additions	–	–	–	–	–	2,934	2,151	80	10	5,175
Disposals	–	–	–	–	–	(40,252)	(16,965)	(3,273)	(51)	(60,541)
Transfer to assets held for sale (Note 20(b))	–	–	–	–	–	–	(15,786)	(1,044)	–	(16,830)
Attributable to assets of disposal group classified as held for sale (Note 10)	(841)	(267)	–	(38)	–	(30,001)	–	–	(56)	(31,203)
Write-off	–	–	–	–	–	(3,116)	–	–	(74)	(3,190)
Exchange difference	(18)	–	–	–	–	(642)	–	–	(1)	(661)
At 31 December 2019	–	698	102	9,741	50	39,886	5,696	8,817	1,782	66,772

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20. Property, plant and equipment/Assets held for sale (cont'd)

(a) *Property, plant and equipment (cont'd)*

	Freehold land	Leasehold land	Freehold buildings	Leasehold buildings	Leasehold improvements	Plant and machinery	Barges and dredgers	Trucks and motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Accumulated depreciation:										
At 1 January 2018	–	–	14	4,757	50	53,061	6,474	7,417	1,891	73,664
Depreciation	–	–	2	1,002	–	9,824	4,115	1,683	47	16,673
Disposals	–	–	–	–	–	(1,676)	–	(245)	(14)	(1,935)
Write-off	–	–	–	–	–	–	–	–	(83)	(83)
Exchange difference	–	–	–	–	–	(894)	–	–	(4)	(898)
At 31 December 2018 and 1 January 2019	–	–	16	5,759	50	60,315	10,589	8,855	1,837	87,421
Depreciation	–	263	2	1,132	–	8,472	3,526	1,513	57	14,965
Disposals	–	–	–	–	–	(28,085)	(3,424)	(2,842)	(22)	(34,373)
Transfer to assets held for sale (Note 20(b))	–	–	–	–	–	–	(8,181)	(748)	–	(8,929)
Attributable to assets of disposed group classified as held for sale (Note 10)	–	(88)	–	(24)	–	(12,247)	–	–	(54)	(12,413)
Write-off	–	–	–	–	–	(3,062)	–	–	(73)	(3,135)
Exchange difference	–	–	–	–	–	(246)	–	–	(1)	(247)
At 31 December 2019	–	175	18	6,867	50	25,147	2,510	6,778	1,744	43,289

20. Property, plant and equipment/Assets held for sale (cont'd)

(a) *Property, plant and equipment (cont'd)*

	Freehold land	Leasehold land	Freehold buildings	Leasehold buildings	Leasehold improvements	Plant and machinery	Barges and dredgers	Trucks and motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Impairment:										
At 1 January 2018, 31 December 2018 and 1 January 2019	–	–	84	–	–	–	–	–	–	84
Charge for the year (Note 8)	–	–	–	–	–	8,000	–	492	22	8,514
Transfer to assets held for sale (Note 20(b))	–	–	–	–	–	–	–	(184)	–	(184)
At 31 December 2019	–	–	84	–	–	8,000	–	308	22	8,414
Carrying amount:										
At 31 December 2018	859	–	2	3,673	–	50,648	22,252	4,199	39	81,672
At 31 December 2019	–	523	–	2,874	–	6,739	3,186	1,731	16	15,069

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

Property, plant and equipment of the Group with carrying amount of $67,505,000 as at 31 December 2018 are pledged as security for finance lease obligations (Note 21(b)) and bank loans (Note 22).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. Property, plant and equipment/Assets held for sale (cont'd)

(a) *Property, plant and equipment (cont'd)*

Impairment of property, plant and equipment

During the year, management assessed the recoverable amounts of the plant and equipment of the construction and precast segments in Singapore. Due to significant uncertainties regarding the going concern of these businesses, the Group recognised an impairment loss of $8,414,000 (2018: $nil).

The fair values were determined by external specialists and management had estimated the cost of disposal. The fair value measurement is categorised as Level 3 of the fair value hierarchy.

Disposals of property, plant and equipment

In 2019, the Group sold plant and equipment with total net carrying amount of $26,144,000 (2018: $344,000) for a cash consideration of $29,463,000 (2018: $500,000). The net gains on these disposals were recognised as part of "Other income" in the consolidated statement of comprehensive income.

	Motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000
Company			
Cost:			
At 1 January 2018	993	134	1,127
Additions	–	3	3
At 31 December 2018,1 January 2019 and 31 December 2019	993	137	1,130
Disposals	(612)	–	(612)
At 31 December 2019	381	137	518
Accumulated depreciation:			
At 1 January 2018	580	134	714
Depreciation	148	*	148
At 31 December 2018 and 1 January 2019	728	134	862
Depreciation	95	*	95
Disposal	(502)	–	(502)
At 31 December 2019	321	134	455
Carrying amount:			
At 31 December 2018	265	3	268
At 31 December 2019	60	3	63

* Less than $1,000

20. Property, plant and equipment/Assets held for sale (cont'd)

(a) *Property, plant and equipment (cont'd)*

Motor vehicles of the Company with carrying amount of $265,000 as at 31 December 2018 were pledged as security for finance lease obligations (Note 21(b)).

(b) *Assets held for sale*

	Properties held for development	Barges and dredgers	Trucks and motor vehicles	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
Reclassification from properties held for development (Note 17)	14,147	–	–	14,147
Reclassification from Property, plant and equipment (Note 20(a))	–	15,786	1,044	16,830
Accumulated depreciation:				
Reclassification from Property, plant and equipment (Note 20(a))	–	(8,181)	(748)	(8,929)
Impairment:				
Charge for the year	(3,697)	–	(184)	(3,881)
At 31 December 2019	10,450	7,605	112	18,167

In addition to information disclosed in Note 17, the Group's wholly owned subsidiary, Entire Engineering Pte Ltd entered into agreements for the sale of trucks and motor vehicles respectively. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, these plant and machinery were classified as held for sale at the end of the reporting period. The sale of the trucks and motor vehicles was completed subsequent to year end.

21. Leases

Group as a lessee

The Group has lease contracts for various items of property, plant and equipment used in its operations. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery and office equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases.

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21. Leases (cont'd)

Company as a lessee

The Company has lease contracts for motor vehicles used in its operations. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

(a) *Right-of-use assets:*

Information about Right-of-use assets classified within Property, plant and equipment (Note 20) is disclosed as follows:

	Freehold land	Leasehold land	Leasehold buildings	Plant and machinery	Barges and dredgers	Trucks and motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Carrying amounts at 1 January 2019	859	965	4,019	40,724	23,439	2,718	78	72,802
Additions	–	–	–	5	2,152	–	–	2,157
Disposals	–	–	–	(7,936)	(12,762)	(109)	(25)	(20,832)
Depreciation	–	(263)	(1,132)	(5,518)	(2,920)	(1,080)	(38)	(10,951)
Transfers to assets held for sale	–	–	–	–	(7,605)	–	–	(7,605)
Attributable to assets of disposed group classified as held for sale	(841)	(179)	–	(17,754)	–	–	–	(18,774)
Exchange difference	(18)	–	–	(396)	–	–	–	(414)
Impairment	–	–	–	(3,739)	–	(104)	–	(3,843)
Carrying amounts at 31 December 2019	–	523	2,887	5,386	2,304	1,425	15	12,540
Company								
Carrying amounts at 1 January 2019	–	–	–	–	–	265	–	265
Depreciation	–	–	–	–	–	(95)	–	(95)
Disposals	–	–	–	–	–	(110)	–	(110)
Carrying amounts at 31 December 2019	–	–	–	–	–	60	–	60

21. Leases (cont'd)

(b) *Lease liabilities*

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Current:				
- Finance lease liabilities (Note 31)	–	16,505	–	65
- Lease liabilities	7,736	–	19	–
Total lease liabilities (current)	7,736	16,505	19	65
Non-current:				
- Finance lease liabilities (Note 31)	–	22,764	–	74
- Lease liabilities	3,614	–	3	–
Total lease liabilities (non-current)	3,614	22,764	3	74

The movements of lease liabilities during the year are disclosed in Note 22 and the maturity analysis of lease liabilities is disclosed in Note 34(b).

(c) *Amounts recognised in profit or loss*

	Group	Company
	2019	**2019**
	$'000	$'000
Depreciation of right-of-use assets	10,952	95
Interest expense on lease liabilities	175	7
Lease expense not capitalised in lease liabilities:		
- Expenses relating to short-term leases not capitalised in lease liabilities (included in cost of sales)	815	–
Total amount recognised in profit or loss	11,942	102

(d) *Total cash outflow*

The Group and the Company had total cash outflows for leases of $25,708,000 and $124,000 in 2019 respectively.

(e) *Variable lease payments*

The Group has several lease contracts that contain variable lease payments arising from rent adjustments by Jurong Town Corporation ("JTC"). The rent will be revised to the prevailing JTC-posted rates with a 5.5% escalation cap annually.

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22. Loans and borrowings

Loans and borrowings comprise:

	Effective interest rate			Group	
	2019	2018	Maturity dates	2019	2018
				$'000	$'000
Loan A – secured	5.28%	4.17%	2020	5,800	5,800
Loan B	–	3.93%	2019	–	500
Loan C – secured	3.75%	3.76%	On demand	600	800
Loan D - secured	6.25%	6.25%	2020	712	2,163
Bank overdrafts	5.25% to 6.00%	5.25% to 6.00%	On demand	4,164	5,320
				11,276	14,583
Bills payable				16,346	18,663
Total loans and borrowings (current)				27,622	33,246

The Company has provided corporate guarantees for the bank loans, bank overdrafts and bills payable.

Loan A is a revolving credit facility loan secured by mortgage of a property held for sale (2018: property held for development) development by a subsidiary with a carrying amount of $9,890,000 (2018: $12,866,000) as at 31 December 2019. Loan A is repayable within 30 days and can be rolled over when due.

Loan C is secured by mortgage of a leasehold building of a subsidiary with a carrying amount of $2,671,000 (2018: $3,673,000) as at 31 December 2019.

Loan D is a factoring loan secured by contract proceeds of the Group's construction projects. During the year, the Group has transferred the collection right of certain trade receivables to a financial institution under factoring agreements, but such transfer does not qualify for de-recognition of the financial assets as the Group has not transferred the significant risks and rewards relating to the transferred assets to the financial institution. Accordingly, the transferred assets continue to be recognised in its entirety and the consideration received is recognised as a liability. The carrying amount of trade receivables transferred under factoring agreements amounted to $889,000 (2018: $1,649,000) as at 31 December 2019.

Bills payable are interest bearing with an average effective interest of 2.85% (2018: 2.85%) per annum. Bills payable due but not paid as at 31 December 2019 of $15,863,000 (2018: $nil) is repayable on demand.

Defaults and breaches

During the financial year, a subsidiary of the Group was not in compliance with certain covenant in respect of loans and borrowings. The subsidiary did not fulfil the requirement to maintain a certain net worth amount. The total carrying amount of loans and borrowings of $3,754,000 was presented as current liabilities as at the end of the reporting period. The bank is contractually entitled to request for immediate repayment of the outstanding amount due to the breach of covenant. The non-compliance has not been remedied as at the date when these financial statements were authorised for issue.

22. Loans and borrowings (cont'd)

Defaults and breaches (cont'd)

The Group has also defaulted in interest and principal repayment of Loan C and bills payable carried at $600,000 and $15,863,000 respectively at the end of the reporting period. The Group experienced shortage of funds due to matters disclosed in Note 2.2 to the financial statements. The bank is contractually entitled to request for immediate repayment of the outstanding amounts due to the default in interest and principal repayment. The interest and principal amounts remained unpaid as at the date when these financial statements were authorised for issue.

A reconciliation of liabilities arising from financing activities, excluding bank overdrafts is as follows:

	1 January 2019	Cash flows	Non-cash changes					31 December 2019
			Accretion of interests	Foreign exchange movement	De-recognised on termination of lease	Reclassified to 'Liabilities directly associated with disposal group classified as held for sale' (Note 10)	Others	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and bills payable								
- Current	27,926	(6,982)	2,514	–	–	–	–	23,458
Lease liabilities* (Note 21(b))								
- Current	18,116	(24,718)	277	(175)	(16)	(1,336)	15,588	7,736
- Non-current	25,998	–	223	–	(5)	(7,014)	(15,588)	3,614
Total	72,040	(31,700)	3,014	(175)	(21)	(8,350)	–	34,808

The 'Others' column relates to the reclassification of non-current portion of lease liabilities due to passage of time.

* Lease liabilities as at 1 January 2019 include the effect of adopting SFRS(I) 16 (See Note 2.3)

22. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities, excluding bank overdrafts is as follows:

	1 January 2018	Cash flows	Non-cash changes			31 December 2018
			Acquisition	Foreign exchange movement	Others	
	$'000	$'000	$'000	$'000	$'000	$'000
Loans and bills payable						
- Current	32,238	(4,645)	333	–	–	27,926
Finance lease obligations						
- Current	16,188	(15,578)	513	993	14,389	16,505
- Non-current	35,859	–	3,085	(1,791)	(14,389)	22,764
Total	84,285	(20,223)	3,931	(798)	–	67,195

The 'Others' column relates to reclassification of non-current portion of finance lease obligations due to passage of time.

Included in 'Acquisition' column is an amount of $523,000 relating to plant and equipment that was acquired in prior year but the finance lease arrangements were made in the current year.

23. Trade payables

	Group	
	2019	2018
	$'000	$'000
Amounts due to external parties	21,778	31,955
Amounts due to related parties	37,483	7,284
	59,261	39,239

The average credit period on the outstanding trade payables is 60 days (2018: 60 days). No interest is payable on overdue balances.

Amounts due to related parties are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

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23. Trade payables (cont'd)

The Group has the following trade payables which are denominated in foreign currencies:

	Group	
	2019	2018
	$'000	$'000
United States Dollars	1,243	25
Euro	805	–

24. Other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accrued expenses	4,257	3,432	1,134	553
Advances from customers	1,327	13,564	–	–
Sales tax payable	264	1,482	82	61
Amounts due to external parties	4,033	10,986	372	171
Amounts due to related parties	1,088	1,214	–	206
Amounts due to subsidiaries	–	–	9,991	15,179
Amounts due to joint ventures	17	–	–	3
Payable for purchase of property, plant and equipment	–	2,769	–	–
Financial guarantees	327	–	37,072	–
Others	282	573	6	6
	11,595	34,020	48,657	16,179
Analysed as:				
Current	11,595	33,843	48,657	16,179
Non-current	–	177	–	–
	11,595	34,020	48,657	16,179

Advances from customers are unsecured, non-interest bearing, expected to be repayable within 12 months and do not pertain to fulfilment of future contract obligations.

Amounts due to related parties, subsidiaries and joint ventures are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Amounts due to external parties are unsecured, non-interest bearing and are expected to be repayable within the next 12 months.

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24. Other payables (cont'd)

The Group has the following other payables which are denominated in foreign currencies:

	Group	
	2019	2018
	$'000	$'000
Euro	69	36
Australian Dollars	27	5

25. Provisions

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Provision for performance bonds and guarantees	3,976	–	3,976	–
Provision for onerous contracts	1,250	–	–	–
Provision for liquidated damages	19,760	–	–	–
	24,986	–	3,976	–

The Group and the Company have issued certain performance bonds and guarantees in favour of the Group's customers. The performance bonds and guarantees were issued as security for the due performance of the Group's obligations under the contracts with the customers. The provision for performance bonds and guarantees in 2019 represents the estimated costs of compensation related to the non-performance of the Group's obligations under certain contracts with customers.

The provision for onerous contracts was recognised in 2019 for expected losses for certain construction contracts.

On 22 January 2020, a customer of the Group's Construction division made a claim against one of the Group's subsidiaries for costs arising from the early termination of a construction contract. The claim sum includes liquidated damages, losses and expenses incurred for maintaining the project as well as securing a replacement contractor. The provision for liquidated damages represents the estimated costs of compensation related to delays and non-performance of the Group's obligations under the contract.

26. Deferred tax liabilities

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Deferred tax liabilities	–	(1,484)	–	1

The following are the deferred tax assets/(liabilities) recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Fair value adjustment on property, plant and equipment	**Accelerated tax depreciation**	**Research and development tax credit**	**Tax losses**	**Total**
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2018	15	(2,595)	1,446	(4)	(1,138)
Credit/(Charge) to profit or loss	(15)	190	(522)	4	(343)
Translation differences	–	72	(75)	–	(3)
At 31 December 2018 and 1 January 2019	–	(2,333)	849	–	(1,484)
Credit/(Charge) to profit or loss from continuing operations	–	1,017	–	372	1,389
Credit/(Charge) to profit or loss from discontinued operations	–	83	(640)	–	(557)
Translation differences	–	18	(4)	–	14
Attributable to assets of disposal group classified as held for sale (Note 10)	–	843	(205)	–	638
At 31 December 2019	–	(372)	–	372	–

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, undistributed earnings of foreign subsidiaries which would be subject to tax when distributed amounted to $nil (2018: $3,188,000). No deferred tax liability has been recognised as the Group is in a position to control the dividend policy of the subsidiaries and there is no intent to distribute these retained earnings in the foreseeable future.

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27. Share capital

	Group and Company			
	Number of ordinary shares 2019	Share Capital 2019 $'000	Number of ordinary shares 2018	Share Capital 2018 $'000
Issued and paid up:				
At beginning and end of year	263,097,800	25,446	263,097,800	25,446

The Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the Company.

The Company has an Employee Performance Share Plan ("Koon EPSP") which applies to the executive directors of the Company and the employees of the Group. However, controlling shareholders, including controlling shareholders who are executive directors and their associates are not eligible to participate in the Koon EPSP.

Koon EPSP is administrated by the Remuneration Committee.

There was no grant of awards during the year. The Remuneration Committee has previously approved a total grant of awards of 1,579,000 shares as follows:

(i) 994,000 shares awarded and issued in 2009;

(ii) 330,000 shares awarded in 2010 which were vested equally over three years with 110,000 shares each issued in 2011 to 2013; and

(iii) 360,000 shares awarded in 2011 of which 105,000 shares were forfeited due to the resignation of employees. Of the balance awards of 255,000 shares, 165,000 shares were vested in 2013 and 90,000 shares were vested in 2014.

Accumulated shares awarded were as follows:

	Number of shares			
	Not vested		Vested and issued (Accumulated)	
	2019	2018	2019	2018
Directors	–	–	344,000	344,000
Other members of key management	–	–	380,000	380,000
Other employees	–	–	855,000	855,000
Total number of shares granted under the Koon EPSP	–	–	1,579,000	1,579,000

28. Capital reserve

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Capital reserve arising from:				
Restructuring exercise	13,006	13,006	13,006	13,006
Share-based payment	283	283	–	–
Acquisition of non-controlling interests in subsidiaries	(4,487)	(4,487)	–	–
	8,802	8,802	13,006	13,006
Transfer to reserves of disposal group (Note 10)	(422)	–	–	–
	8,380	8,802	13,006	13,006

Restructuring Exercise

On 10 April 2003, pursuant to a Restructuring Exercise, the shareholders of Koon Construction & Transport Co. Pte Ltd ("KCTC") transferred their entire equity interest comprising 16,006,400 ordinary shares of $1 each in KCTC to the Company in exchange for 59,999,998 ordinary shares of $0.05 each in the Company. As a result, KCTC became a wholly-owned subsidiary of the Company.

Capital reserve of $13,006,000 represents the difference between the par value of the 59,999,998 ordinary shares of $0.05 issued and cost of investment in KCTC.

Share-based payment

The share-based payment relates to the issuance of 200,000 shares of a subsidiary, Tesla Holdings Pty Ltd ("Tesla"), to three directors of the subsidiary in March 2012 at no consideration in recognition of their services to Tesla. This has been accounted for as share-based payment expense of AUD200,000 ($283,000) based on a value of AUD1 per share offered to other shareholders during a capital raising exercise.

Acquisition of non-controlling interests in subsidiaries, without a change in control

In 2013, the Group acquired the remaining 25% equity interest of Econ Precast Pte Ltd and its subsidiaries at a consideration of $5,500,000. The negative amount of $4,626,000 in capital reserve represents the excess of the consideration paid over the non-controlling interest of $874,000 that was eliminated through the acquisition.

In 2015, the Group increased its investments in Tesla by 2.9% by way of acceptance of Tesla's dividend re-investment plan and shares conversion resulting from loan repayment by an ex-employee of Tesla. The difference of $139,000 between the consideration and the carrying value of the additional interest accounted was recognised as "Capital reserve" within equity.

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29. Operating segment information

Products and services from which reportable segments derive their revenues

For management reporting purpose, the Group's reportable segments are as follows:

- Construction
- Precast
- Property

I. The "Construction" segment relates to construction projects for civil engineering and infrastructure construction works including land reclamation, roads and bridges, shore protection, terminal and port projects.

II. The "Precast" segment relates to the supply and manufacturing of precast components and reinforced concrete piles.

III. The "Property" segment relates to property development activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the profit or loss in the consolidated financial statements. Other income, share of results of joint ventures, finance costs and taxation are managed on a Group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS
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29. Operating segment information (cont'd)

The Group classified Electric Power Generation operating segment as a discontinued operation in 2019 and is not required to include it as a reportable segment. The comparative figures have been re-presented to report separately the results of continuing operations within the segment disclosures.

Information regarding the Group's reportable segments is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Revenue		Results	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
		(Re-presented)		(Re-presented)
Construction	34,731	82,271	(88,467)	(2,039)
Precast	54,513	30,873	(31,199)	(1,986)
Property	–	–	(3,846)	(131)
	89,244	113,144	(123,512)	(4,156)
Elimination	26	(1,021)	(138)	(282)
Total	89,270	112,123	(123,650)	(4,438)
Other income			28,134	13,334
Share of results of joint ventures			–	(6,496)
Finance costs			(2,175)	(2,588)
Loss before tax from continuing operations			(97,691)	(188)
Taxation			1,385	(190)
Loss from continuing operations, net of tax			(96,306)	(378)
Profit from discontinued operation, net of tax (Note 10)			1,215	860
(Loss)/Profit for the year			(95,091)	482

Consolidated revenue of $89,270,000 (2018: $112,123,000) after elimination of inter-segmental sales comprise revenue from construction segment of $34,731,000 (2018: $82,271,000), precast segment of $54,513,000 (2018: $30,873,000) and property segment of $nil (2018: $nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Performance is measured based on segment results before allocation of other income, share of results of joint ventures, finance costs and taxation, as included in internal management reports. Segment results are used by management for the purposes of resource allocation and assessment of segment performance.

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29. Operating segment information (cont'd)

Segment assets

	Group	
	2019	**2018**
	$'000	$'000
Construction	58,936	163,062
Precast	30,546	52,336
Property	13,577	17,407
Elimination	(17,367)	(32,345)
	85,692	200,460
Unallocated corporate assets	455	2,451
Total segment assets from continuing operations	86,147	202,911
Discontinued operation (Note 10)	24,060	23,721
Total assets	110,207	226,632

All assets are allocated to reportable segments other than all assets of the Company, deferred tax assets and those eliminated at consolidation.

Other segment information

	Depreciation		Additions to property, plant and equipment		Impairment losses on financial assets		Impairment loss on non-financial assets	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Construction	11,263	14,167	2,307	5,925	16,808	116	1,653	–
Precast	2,577	1,429	2,863	799	20,924	–	6,861	–
Property	2	2	–	–	–	–	3,697	–
	13,842	15,598	5,170	6,724	37,732	116	12,211	–

The Construction and Precast segments assets include investments in joint ventures amounting to $nil (2018: $174,000).

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29. Operating segment information (cont'd)

Geographical information

In presenting information based on geographical segments, segment revenue is based on geographical location of the customers and segment assets are based on geographical location of the assets as follows:

	Revenue		Non-current assets	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Singapore	89,142	112,123	15,069	61,652
Malaysia	128	–	*	14,175
Total	89,270	112,123	15,069	75,827

* Less than $1,000

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and properties held for development as presented in the consolidated statements of financial position.

Information about major customer

Revenue from six major customers amount to $71,026,000 (2018: $44,803,000) arising from sales by the Construction and Precast segments.

30. Bank guarantees, performance bonds and commitments

As at 31 December 2019, the Company has provided corporate guarantees totalling $68,495,000 (2018: $114,625,000) and $654,000 (2018: $740,000) to financial institutions in respect of credit facilities utilised by the subsidiaries and a joint venture respectively.

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31. Commitments

(a) *Operating lease commitments – as lessee*

The Group leases equipment, office, yard premises and accommodation under non-cancellable operating lease agreements. These leases have varying terms.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group
	2018
	$'000
Not later than one year	2,103
Later than one year but not later than five years	3,194
	5,297

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $2,761,000.

As disclosed in Note 2.3, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low-value leases.

(b) *Finance lease commitments – as lessee*

Group as a lessee

As at 31 December 2018, the Group leases property, plant and equipment under finance leases. The average lease term is 5 years. The effective borrowing rates ranged between 2.35% and 6.58% per annum.

The future minimum lease payments under finance lease and their present values are as follows:

	Minimum lease payments	**Present value of minimum lease payments**
	2018	**2018**
	$'000	$'000
Group		
Amounts payable under finance lease obligations:		
Not later than one year	17,886	16,505
Later than one year but not later than five years	23,881	22,764
Total minimum lease payments	41,767	39,269
Less: Amounts representing finance charges	(2,498)	N/A
Present value of minimum lease payments	39,269	39,269
Less: Amounts due for settlement within 12 months		(16,505)
Amounts due for settlement after 12 months		22,764

31. Commitments (cont'd)

(b) *Finance lease commitments – as lessee (cont'd)*

Group as a lessee (cont'd)

These obligations are secured by charges over the leased property, plant and equipment. These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Finance lease obligations 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 2.3.

Company as a lessee

As at 31 December 2018, the Company leases motor vehicles under finance leases. The average lease term is 5 years. The effective borrowing rate was 5.24% per annum.

The future minimum lease payments under finance lease and their present values are as follows:

	Minimum lease payments 2018 $'000	**Present value of minimum lease payments 2018** $'000
Company		
Amounts payable under finance lease obligations:		
Not later than one year	70	65
Later than one year but not later than five years	76	74
Total minimum lease payments	146	139
Less: Amounts representing finance charges	(7)	N/A
Present value of minimum lease payments	139	139
Less: Amounts due for settlement within 12 months		(65)
Amounts due for settlement after 12 months		74

Finance lease obligations 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 2.3.

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32. Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Financial assets:				
At fair value through profit or loss				
Equity securities (quoted)	20	18	–	–
Financial assets at amortised cost				
Trade receivables	10,944	29,725	–	–
Other receivables (excluding prepayments, tax recoverable and sales tax receivable)	27,240	37,994	996	6,609
Pledged fixed deposits	–	19	–	–
Cash and bank balances	795	2,921	78	68
	38,979	70,659	1,074	6,677
Total financial assets	38,999	70,677	1,074	6,677
Financial liabilities:				
Financial liabilities at amortised cost				
Loans and borrowings	27,622	33,246	–	–
Lease liabilities	11,350	39,269	22	139
Trade payables	59,261	39,239	–	–
Other payables (excluding advances from customers and sales tax payable)	10,004	18,974	48,575	16,118
Total financial liabilities	108,237	130,728	48,597	16,257

33. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs as follows:

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

33. Fair value of assets and liabilities (cont'd)

(a) *Fair value hierarchy (cont'd)*

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy in 2018 and 2019.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2019 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets:				
At fair value through profit or loss (Note 16)				
- Investment securities (quoted)	20	–	–	20

	Group 2018 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets:				
At fair value through profit or loss (Note 16)				
- Investment securities (quoted)	18	–	–	18

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33. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

Level 3 fair value measurements

Property, plant and equipment

As disclosed in Note 20(a), the recoverable amounts of certain plant and equipment were based on fair value less cost of disposal which was determined by an independent valuer. These considered replacement costs of similar assets owned by the Group adjusted for age, condition and technological obsolescence.

(c) *Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts approximate fair value*

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their fair values due to their short-term nature.

The carrying amounts of lease liabilities (non-current) approximate their fair values as the implicit interest rates approximate the market interest rates prevailing at the financial year end.

34. Financial risks management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. Financial risks management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Trade receivables and contract assets

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by SFRS(I) 9, which permits the use of the lifetime expected loss provision for impairment of all contract assets and trade receivables. To measure the ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information.

Given (i) the customers of the Group are well-known construction companies and government agencies and there was no history of default in prior years; and (ii) no adverse change in the business environment is anticipated, management considered the default rate of trade receivables and contract assets to be minimal and the expected credit loss rate of construction companies and government agencies to be nil for all ageing bands.

For non-government organisations or smaller customers, the Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

Other receivables

Other receivables mainly comprised amounts due from related parties and amounts due from joint ventures. The assessment of provision for impairment was limited to 12-month ECL.

The Group has assessed and considered the credit risk for amounts due from related parties to be low and as a result no provision for impairment is necessary for these balances. The amounts due from joint ventures is assessed to be credit-impaired as the joint ventures are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The following are credit risk management practices and quantitative information about amounts arising from expected credit loss for trade receivables and contract assets.

			Trade receivables			
2019	**Contract assets**	**Other receivables**	**Current and more than 30 days past due**	**More than 180 days past due**	**More than 360 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	13,366	50,436	3,025	3,432	5,847	76,106
Expected credit loss	(8)	(22,642)	–	(613)	(747)	(24,010)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. Financial risks management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Other receivables (cont'd)

2018	**Contract assets**	**Trade receivables** Current and more than 30 days past due	More than 180 days past due	More than 360 days past due	**Total**
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	55,587	16,046	4,298	10,168	86,099
Expected credit loss	(8)	(99)	(15)	(673)	(795)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Credit risk concentration profile

Concentration of credit risk exists when economic, industry or geographical factors similarly affect the Group's counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group's customers are mainly located in Singapore. The Group has significant concentration of credit risk in that its top 5 debtors accounted for $9,354,000 (2018: $22,237,000) or 85% (2018: 75%) of the net trade receivables balance at year end.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

34. Financial risks management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. Future routine working capital requirements are expected to be funded with cash and bank balances, internally generated cash flows and several credit lines to draw on for routine working capital requirements.

Credit lines are reviewed with providers of credit facilities from time to time. Based on these evaluations, management expects that there will be sufficient liquidity for the Group's operations in the next financial year.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less	**1 to 5 years**	**After 5 years**	**Total**
	$'000	$'000	$'000	$'000
Group				
2019				
Financial assets:				
Investment securities (quoted)	20	–	–	20
Trade receivables	10,944	–	–	10,944
Other receivables (excluding prepayments, tax recoverable and sales tax receivable)	27,240	–	–	27,240
Cash and bank balances	795	–	–	795
Total undiscounted financial assets	38,999	–	–	38,999
Financial liabilities:				
Loans and borrowings	27,622	–	–	27,622
Lease liabilities	7,960	3,792	–	11,752
Trade payables	59,261	–	–	59,261
Other payables (excluding advance from customers and sales tax payable)	10,004	–	–	10,004
Total undiscounted financial liabilities	104,847	3,792	–	108,639
Total net undiscounted financial liabilities	(65,848)	(3,792)	–	(69,640)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. Financial risks management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
Group				
2018				
Financial assets:				
Investment securities (quoted)	18	–	–	18
Trade receivables	29,725	–	–	29,725
Other receivables (excluding prepayments, tax recoverable and sales tax receivable)	37,899	95	–	37,994
Pledged fixed deposits	19	–	–	19
Cash and bank balances	2,921	–	–	2,921
Total undiscounted financial assets	70,582	95	–	70,677
Financial liabilities:				
Loans and borrowings	33,389	–	–	33,389
Trade payables	39,239	–	–	39,239
Other payables (excluding advance from customers and sales tax payable)	18,797	177	–	18,974
Lease liabilities	17,886	23,881	–	41,767
Total undiscounted financial liabilities	109,311	24,058	–	133,369
Total net undiscounted financial liabilities	(38,729)	(23,963)	–	(62,692)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. Financial risks management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2019				
Financial assets:				
Other receivables (excluding prepayments)	996	–	–	996
Cash and bank balances	78	–	–	78
Total undiscounted financial assets	1,074	–	–	1,074
Financial liabilities:				
Other payables (excluding sales tax payable)	48,575	–	–	48,575
Lease liabilities	20	3	–	23
Total undiscounted financial liabilities	48,595	3	–	48,598
Total net undiscounted financial liabilities	(47,521)	(3)	–	(47,524)
2018				
Financial assets:				
Other receivables (excluding prepayments)	6,609	–	–	6,609
Cash and bank balances	68	–	–	68
Total undiscounted financial assets	6,677	–	–	6,677
Financial liabilities:				
Other payables (excluding sales tax payable)	16,118	–	–	16,118
Lease liabilities	70	76	–	146
Total undiscounted financial liabilities	16,188	76	–	16,264
Total net undiscounted financial liabilities	(9,511)	(76)	–	(9,587)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. Financial risks management objectives and policies (cont'd)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Interest-yielding financial assets are mainly bank balances and fixed deposits. The interest rates for lease liabilities and certain bank loans are fixed on the date of inception. Any variation in the short-term interest rates will not have a material impact on the results of the Group.

The Group is exposed to the effect of changes of interest rates on loans and borrowings totalling $27,622,000 (2018: $33,246,000).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 1% (2018: 1%) lower/higher with all other variables held constant, the Group's loss before tax would have been $276,000 (2018: $332,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) *Foreign exchange risk*

The activities of the Company and its subsidiaries are mainly conducted in the functional currencies of the respective entities. Management considers the Group's exposure to foreign exchange risk to be low.

35. Capital management

It is the policy of the Board of Directors to maintain an appropriate capital base to support the Group's businesses and maximise shareholders' value through the optimisation of debt and equity balance. It is also the policy of the Board of Directors to monitor the return on capital (comprising share capital and reserves) and the level of dividends to ordinary shareholders. The Company's ability to manage its capital has, however, been constrained by the current difficult operating conditions and the Scheme (see Note 2.2).

36. Dividends

No dividend was proposed for the financial years ended 31 December 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. Events occurring after the reporting period

Schemes of Arrangements

Both the KHL Scheme meeting and KCTC Scheme meeting were held on 25 February 2020. The KHL Scheme meeting was adjourned after a major creditor's request for adjournment, as it would like to be provided with more information. The KCTC Scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting at the KCTC Scheme meeting.

At the adjourned KHL Scheme meeting held on 27 March 2020, the KHL Scheme was approved by a majority in number representing at least three-fourths in value of the creditors present and voting.

The Company and KCTC will in April 2020 apply to obtain the High Court's sanction pursuant to the Companies Act.

Coronavirus disease ("COVID-19")

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

We have seen some impact on our business to date. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. These measures and policies have to a certain extent, affected the supply of construction materials and the performance of the Group's subcontractors.

The scale and duration of these developments remain uncertain as at the date of the financial statements however they may impact on the future earnings, cash flow and financial condition of the Group. It is not possible to estimate the impact of the outbreak's near-term and longer term effects or the government's efforts to combat the outbreak and support businesses. We do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The consolidated financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

38. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 31 March 2020.

STATISTICS OF **SHAREHOLDINGS**
AS AT 20 MARCH 2020

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 to 99	12	1.87	182	0.00
100 to 1,000	20	3.12	13,934	0.01
1,001 to 10,000	150	23.44	1,165,118	0.44
10,001 to 1,000,000	433	67.66	38,148,446	14.50
1,000,001 AND ABOVE	25	3.91	223,770,120	85.05
TOTAL	**640**	**100.00**	**263,097,800**	**100.00**

TOP 20 SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ANG AH NUI	77,571,819	29.48
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	45,809,010	17.41
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	18,706,800	7.11
4	SAMSU	12,000,000	4.56
5	OH KENG LIM	10,159,996	3.86
6	OH LIAN LING	7,238,487	2.75
7	OH KOON SUN	7,205,378	2.74
8	ANG JUI KHOON	5,944,900	2.26
9	PHILLIP SECURITIES PTE LTD	4,927,810	1.87
10	ONG SOH HOON	4,000,000	1.52
11	ONG LYE BENG	3,344,024	1.27
12	CHUA LEONG AIK	3,089,800	1.17
13	YEO SEE TEE	3,000,000	1.14
14	HARRY OH TUAY KEE	2,966,000	1.13
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,436,100	0.93
16	RAFFLES NOMINEES (PTE.) LIMITED	2,337,600	0.89
17	AW KIM BENG	2,323,000	0.88
18	CITIBANK NOMINEES SINGAPORE PTE LTD	1,984,000	0.75
19	TEE SWEE KHENG	1,758,196	0.67
20	TAN TONG GUAN	1,400,000	0.53
	TOTAL	**218,202,920**	**82.92**

There were 88 holders of less than a marketable parcel of shares.

STATISTICS OF SHAREHOLDINGS
AS AT 20 MARCH 2020

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 20 March 2020)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
ANG AH NUI	77,571,819	29.48	45,000,000(1)	17.10
ANG SIN LIU	320,000	0.12	18,340,800(2)	6.97
SAMSU	12,000,000	4.56	-	-

Notes:

(1) 45,000,000 shares in the capital of the Company are held by a nominee.

(2) 18,340,800 shares in the capital of the Company are held by a nominee.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held by way of electronic means, on Wednesday, 17 June 2020 at 2.00 p.m. for the following purposes, as set out below:

This Notice has been made available on SGXNet and ASX, and the Company's website at the URL **http://koon.listedcompany.com/ar.html**. A printed copy of this Notice will NOT be despatched to members.

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2019 together with the Directors' Statement and the Auditor's Report of the Company. (Resolution 1)

2. To re-elect Mr Ko Chuan Aun who is retiring under Article 91 of the Company's Constitution. (Resolution 2)

   Mr Ko Chuan Aun, will upon re-election as a Director of the Company, remain Chairman of the Remuneration Committee, and a member of the Audit and Risk Committee and Nominating Committee.

3. To re-elect Mr Oh Keng Lim who is retiring under Article 91 of the Company's Constitution. (Resolution 3)

4. To re-elect Mr Yee Kit Hong who is retiring under Article 97 of the Company's Constitution. (Resolution 4)

   Mr Yee Kit Hong, will upon re-election as a Director of the Company, remain Chairman of the Audit and Risk Committee, and a member of the Nominating Committee.

5. To re-elect Mr Tan Thiam Hee who is retiring under Article 97 of the Company's Constitution. (Resolution 5)

6. To re-elect Mr Loo Woei Harng who is retiring under Article 97 of the Company's Constitution. (Resolution 6)

7. To note the retirement of Mr Ang Sin Liu.

8. To approve Directors' fees of S$126,222 for the financial year ended 31 December 2019. (Resolution 7)

9. To re-appoint Ernst & Young LLP as the Company's Auditor and to authorise the Directors to fix their remuneration. (Resolution 8)

10. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass each of the following resolutions as an Ordinary Resolution, with or without modifications:

11. *"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to allot and issue:* (Resolution 9)

    (i) shares in the capital of the Company (whether by way of bonus, rights or otherwise); or

NOTICE OF **ANNUAL GENERAL MEETING**

(ii) convertible securities; or

(iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalisation issues; or

(iv) shares arising from the conversion of convertible securities in (ii) and (iii) above,

at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of equity securities to be issued pursuant to this Resolution does not:

1. exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares as at the date of this Resolution;

2. exceed such other limit as may be prescribed by ASX Listing Rule 7.1, which generally provides that the Company must not issue or agree to issue more than fifteen per cent (15%) of the total number of ordinary securities on issue 12 months before the issue date or date of agreement to issue, without shareholder approval (unless the equity securities are issued on a pro-rata basis to shareholders of the Company or are issued under another exception set out in ASX Listing Rule 7.2); or

3. exceed such other limit as may be prescribed by the listing rules of the Singapore Exchange Securities Trading Limited and the ASX Listing Rules.

Unless revoked or reduced by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

For the purpose of determining the aggregate number of shares that may be issued pursuant to this Resolution, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the date of this Resolution after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue as at the date of this Resolution and any subsequent consolidation or subdivision of the Company's shares."

See Explanatory Note (i)

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
26 May 2020

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) **Resolution 9**

The Ordinary Resolution proposed in item 11 above, if passed, will empower the Directors from the passing of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% of the issued share capital of the Company at the time of passing of this resolution. However, ASX Listing Rule 7.1 generally provides that the Company must not issue or agree to issue more than fifteen per cent (15%) of the total number of ordinary securities on issue 12 months before the issue date or date of agreement to issue, without shareholder approval (unless the equity securities are issued on a pro-rata basis to shareholders of the Company or are issued under another exception set out in ASX Listing Rule 7.2)

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Company's announcement dated 26 May 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 17 June 2020" which has been uploaded together with this Notice of AGM on SGXNet and ASX on the same day.

   In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 2.00 p.m. on 14 June 2020, at the URL **https://koonagm.listedcompany.com/2020agm.** Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 16 June 2020. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed.

   Members may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 2.00 p.m. on 14 June 2020:

   (a) via the pre-registration website at the URL **https://koonagm.listedcompany.com/2020agm**;

   (b) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 11 Sixth Lok Yang Road, Singapore 628109; or

   (c) by email to **feedback@koon.com.sg**.

   Members will need to identify themselves when posing questions by email or by mail by providing the following details:

   (a) the member's full name as it appears on his/her/its CDP/CPF share records;

   (b) the member's NRIC/Passport/UEN number;

   (c) the member's contact number and email address; and

   (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP or CPF).

   The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   The Company will address questions if determined at the sole discretion of the Company as substantial and relevant relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM.

   Please note that members will not be able to ask questions at the AGM "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the AGM.

2. **A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the AGM may be accessed at the Company's website and has also been made available on SGXNet and ASX.

3. The Chairman of the AGM, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent by post, be deposited at the Registered Office of the Company at 11 Sixth Lok Yang Road, Singapore 628109; or

   (b) if submitted by email, be received by the Company at **feedback@koon.com.sg**,

   in either case, not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

NOTICE OF **ANNUAL GENERAL MEETING**

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

5. In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

6. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF investors, and who wish to participate in the AGM ("**Relevant Intermediary Participants**") by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the AGM in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF investors, their respective CPF Agent Banks) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks to submit their votes by 2.00 p.m. on 5 June 2020.

7. The Annual Report for the financial year ended 31 December 2019 may be accessed at the Company's website under "Annual Report 2019", and have also been made available on SGXNet and ASX.

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of Relevant Intermediary Participant in connection with the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service provider) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **Purposes**), (ii) warrants that where the member discloses the personal data of the Relevant Intermediary Participants to the Company (or its agents or service providers), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such Relevant Intermediary Participants for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM FOR MEMBERS WHO HOLD SHARES THROUGH THE CENTRAL DEPOSITORY (PTE) LIMITED (CDP) OR HAVE SHARES REGISTERED IN THEIR NAMES IN THE REGISTER OF MEMBERS OF KOON HOLDINGS LIMITED.

This form of proxy has been made available on SGXNet and ASX, and the Company's website at the URL **http://koon.listedcompany.com/ar.html**. A printed copy of this form of proxy will NOT be despatched to members.

IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 26 May 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 17 June 2020" which has been uploaded together with the Notice of Annual General Meeting dated 26 May 2020 on SGXNet and ASX on the same day. This announcement may also be accessed at the URL **http://koon.listedcompany.com/ar.html**.
2. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to vote should contact their respective CPF Agent Banks to submit their votes by 2.00 p.m. on 5 June 2020.

Koon Holdings Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 200303284M, ARBN 105 734 709

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Koon Holdings Limited (the "**Company**") hereby appoint the Chairman of the Seventeenth Annual General Meeting of the Company ("**AGM**") as my/our proxy to vote for me/us on my/our behalf at the AGM, to be held by electronic means on Wednesday, 17 June 2020 at 2.00 pm, and at any adjournment thereof. I/We direct the Chairman of the AGM as my/our proxy to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Accounts, Directors' Statement and Auditor's Report		
2.	Re-election of Mr Ko Chuan Aun as a Director		
3.	Re-election of Mr Oh Keng Lim as a Director		
4.	Re-election of Mr Yee Kit Hong as a Director		
5.	Re-election of Mr Tan Thiam Hee as a Director		
6.	Re-election of Mr Loo Woei Harng as a Director		
7.	Approval of Directors' Fees for 2019		
8.	Re-appointment of Ernst & Young LLP as Auditor		
	Special Business		
9.	Authority to allot and issue new shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ________________ day of ____________ 2020

Total number of Shares held

____
Signature of Shareholder(s) or Common Seal
Important: Please read notes overleaf

Notes:

1. The proxy form set out overleaf is to be used ONLY by members who hold shares through The Central Depository (Pte) Limited (CDP) or have shares registered in their names in the Register of Members of the Company. If you hold shares through CHESS Depositary Nominees Pty Ltd, please use the CDI Voting Instruction Form designated for members who hold shares through CHESS Depositary Nominees Pty Ltd.

2. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares registered in your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

5. The instrument appointing a proxy must:

   (a) if sent by post, be deposited at the Company's Registered Office at 11 Sixth Lok Yang Road, Singapore 628109; or

   (b) if submitted by email, be received by the Company at **feedback@koon.com.sg**,

   in either case, not less than 48 hours before the time set for the AGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. If sent by post, the instrument appointing the Chairman of the AGM as proxy of an individual must be under the hand of the appointor or of his/her attorney duly authorised in writing and the instrument appointing the Chairman of the AGM as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

   Where an instrument appointing the Chairman of the AGM as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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崐控股有限公司
KOON HOLDINGS LIMITED

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