



BBR HOLDINGS (S) LTD



# BRIDGING THE REGION

ANNUAL REPORT 2019

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## OUR MISSION

To strengthen our capabilities continuously in order to compete in the building and construction, civil engineering and property markets.

To provide our clients with innovative structural engineering solutions for green and sustainable buildings by leveraging on our strengths and expertise in high specification construction methods, Swiss parentage, strong track record, established reputation and dynamic management team.

To enhance greater opportunities in new markets, so as to further expand our geographical presence and intensify all efforts to bid for both building and infrastructure projects in the region.



# CORPORATE PROFILE

**BBR Holdings (S) Ltd ("BBR")** is one of Singapore's leading construction groups with more than 25 years of industry experience. It currently comprises four core business segments spanning across General Construction, Specialised Engineering, Property Development and Green Technology.

The BBR Group is well-positioned to meet the urbanisation challenge in Asia with its proven track record and good combination of innovative engineering with specialist know-how in construction methods. It has business presence in key markets such as Singapore, Malaysia, and the Philippines.

Listed in 1997 on SESDAQ, SGX's then second board, BBR was subsequently upgraded to the Mainboard in September 2006.

## BUSINESS OVERVIEW

### SPECIALISED ENGINEERING

In 1993, BBR was established with a bold vision to introduce innovative design solutions based on technologies from its Swiss-based BBR Network.

The BBR Network was founded in 1944 when three Swiss engineers, Brandestini, Birkenmaier and Ros, formed a partnership under the name BBR Bureau. Since then, the BBR Network comprises a worldwide network of affiliated companies, joint ventures and franchisees that offer specialist construction engineering activities spanning some 50 countries from around the world.

Since its inception, BBR's technology gained market acceptance quickly and was recognised by our customers for its cost effectiveness and high efficiency levels.

Subsequently, BBR flourished to take on larger projects in both the public and private sectors in Singapore and the region. BBR's Specialised Engineering arm operates via its subsidiaries, BBR Construction Systems Pte Ltd and BBR Piling Pte Ltd in Singapore, and BBR Construction Systems (M) Sdn Bhd in Malaysia. BBR has also invested in prefabricated pre-finished volumetric modular construction ("PPVC"), whereby entire PPVC modules are built in multiple units complete with all internal finishes, fixtures and fittings. The prefabrication process takes place in a factory and is then transported to the site for installation, similar to a 'legolike' assembly.

### GENERAL CONSTRUCTION

The General Construction segment comprises the principal activities in design-and-build, general building construction, and civil structural engineering activities undertaken through its wholly-owned

subsidiaries, Singapore Engineering & Construction Pte Ltd ("SEC") (formerly known as Singapore Piling & Civil Engineering Private Limited) and Singa Development Pte Ltd ("Singa").

Acquired in 2001, SEC has more than 45 years of history and has been registered with the Building and Construction Authority of Singapore under the "A1" classification for both General Building (CW01) and Civil Engineering (CW02) since 1984, enabling the company to tender for public sector contracts of unlimited value.

Singa has a "B1" and "B2" classification for CW01 and CW02, respectively.

### PROPERTY DEVELOPMENT

Highly synergetic to the Group's broad construction activities, its Property Development business segment has been actively engaged in five development projects since 2006.

Lush on Holland Hill, a freehold condominium development with 56 spacious units in two 12-storey blocks, was completed in 2012. 8 Nassim Hill is an upmarket freehold development which comprised 16 super luxury triplex units with basement carparks was completed in 2010. Bliss@Kovan is the third freehold site which was developed into a five-storey condominium with 140 luxurious residential units was completed in November 2015.

All the units in these three freehold developments were fully sold.

BBR's fourth project is Lake Life, Executive Condominium a development comprising 546 units of executive condominium which offers modern and lifestyle design features on a 99-year leasehold HDB land site at Yuan Ching Road/Tao Ching Road, Jurong. The development was 100% sold and Temporary Occupation Permit ("TOP") was obtained on 30 December 2016.

CORPORATE  
PROFILE

The Wisteria and Wisteria Mall, developed through a joint venture, is a 99-year leasehold residential and commercial development located at Yishun Avenue 4. The Wisteria residences was 100% sold and TOP was obtained in July 2018. The Wisteria comprises 3 blocks of 9-storey residential building, each tower consisting of 72 apartment units from levels 4 to 12. The residences are directly connected to Wisteria Mall, which consists of 2 levels of retail space at basement and level 1, comprising food & beverage and retail outlets.

BBR's latest property development project is The Linq @ Beauty World, a freehold mixed development developed through a joint venture. This development comprises of a 2-storey commercial podium and a 20-storey residential apartment tower above with 120 apartment units, with a direct access to the Beauty World MRT station.

### GREEN TECHNOLOGY

In 2013, BBR established a Green Technology division to carry out system integration and distribution of renewable energy. The Group has bid for projects to supply, install and lease solar panels and grid connected systems for statutory boards and private sector customers.

To date, BBR has successfully delivered two major solar leasing projects for 20 years and 25 years, from HDB and a commercial company, respectively. Construction for a 490kW peak grid-tied system for the latter was successfully completed in 2015 and revenue recognition has commenced for electricity generated. BBR's construction of a 6MW peak grid-tied system which involved engineering, procurement and construction works and installation of solar panels on the rooftops of 80 blocks of HDB flats in Ang Mo Kio Town was completed in 2016. A power purchase agreement has been signed with Ang Mo Kio Town Council to maintain, lease and buy all the electricity generated by the system for a tenure of 20 years.

In 2015, BBR is among one of nine consortia selected to participate in the floating photovoltaic ("PV") test-bed project at Tengeh reservoir jointly led by Singapore Economic Development Board and the Public Utilities Board. The test-bed project at Tengeh reservoir allowed companies to develop, test and evaluate the economic and technical feasibility of installing floating solar PV systems on water, as an alternative to deploying solar systems on rooftops. The project was completed in the last quarter of 2016.

In 2019, BBR has secured, amongst others, a new contract from the Public Utilities Board for a two 1.5 megawatt-peak ("MWp") floating solar PV project at Bedok and Lower Seletar Reservoirs.

Riding on the back of the potential growth for more green buildings, the Group is steadily implementing green technology as part of its total solutions package for potential project bids.

## OUR BUSINESSES

Our Principal Services are:

### General Construction

- Design-and-Build
- General Building Construction
- Civil and Structural Engineering
- Conservation and Restoration

### Specialised Engineering

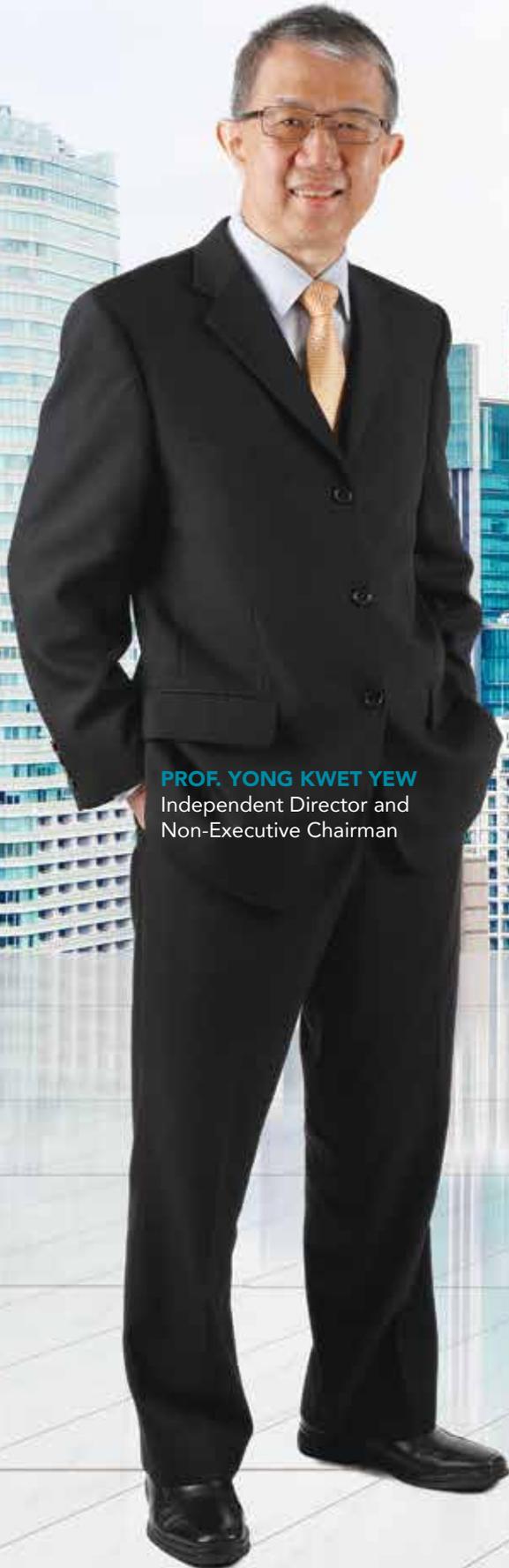
- Piling and Foundation Systems
- Post-tensioning
- Stay Cable Systems
- Heavy Lifting
- Bridge Design and Construction
- Maintenance Repair and Retrofitting
- Prefabricated Prefinished Volumetric Construction (PPVC)

### Property Development

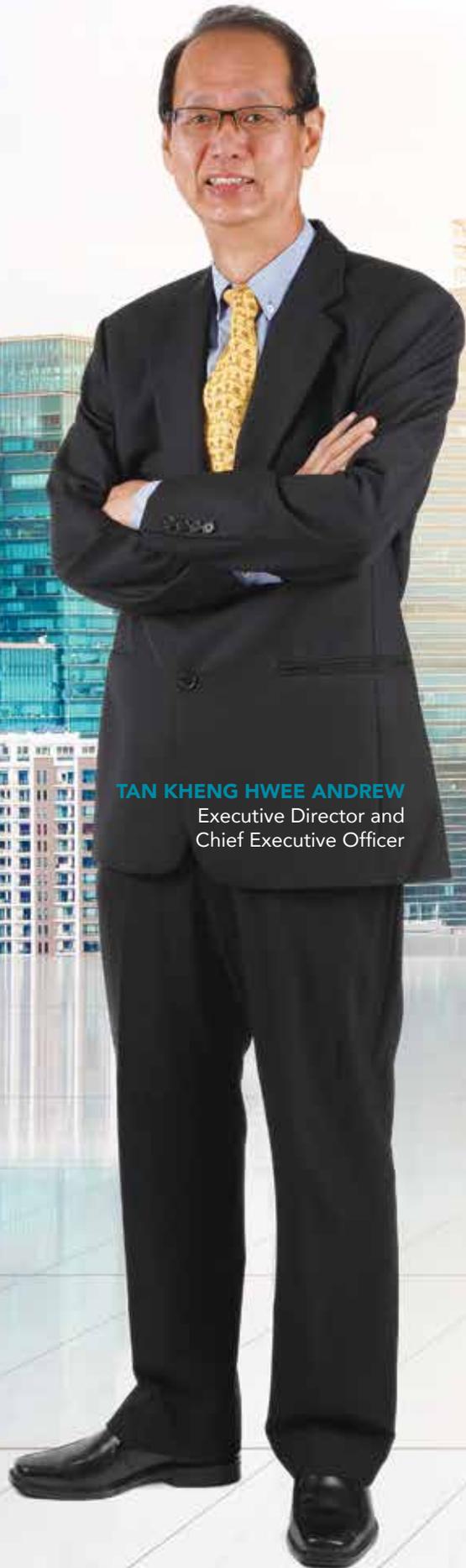
- Boutique developer for residential as well as mixed commercial and residential development
- Property management and consultancy services

### Green Technology

- System integration and distribution of renewable energy
- Supply, installation and leasing of solar panels and grid connected systems



**PROF. YONG KWET YEW**  
Independent Director and  
Non-Executive Chairman



**TAN KHENG HWEE ANDREW**  
Executive Director and  
Chief Executive Officer

# CHAIRMAN'S AND CEO'S MESSAGE

## DEAR SHAREHOLDERS,

FY2019 has been a difficult year for the BBR Group as the operating environment for the construction industry in FY2019 remained challenging. We faced keen competition from overseas players from countries such as China, Japan, and South Korea, as well as rising material and labour costs. Nonetheless, we remained focus on core businesses and explored business opportunities in the region to maintain and sustain our long-term growth.

## BRIDGING THE REGION

Throughout the year, we continued to build up our core businesses of General Construction and Specialised Engineering. For General Construction, we worked on existing contracts which include enhancement works to the existing National Orchid Garden at Singapore Botanical Gardens and the construction of a proposed 7-storey social community facility at Pasir Ris which adopts the Prefabricated Prefinished Volumetric Construction ("PPVC") technology. Both projects are expected to be completed in 2020. Additionally, we secured a contract with the Land Transport Authority of Singapore through our new joint venture partnership, SEC-Shincon JV. The scope of work includes the enhancement and construction of bus stop infrastructure island wide. In the areas of piling and foundation systems under Specialised Engineering, we secured several new contracts for bored piling works for hotels, condominiums and factories. These bored piling contracts relate to the construction of reinforced concrete buildings, steel sheds, and ancillary works at Changi East, a factory with a gas yard at North Coast Drive, a 19-storey hotel development at Club Street, a 28-storey residential flat development at Jalan Kemaman and a proposed new condominium development at Nassim Road.

We continued to make headway with our PPVC business with the installation of PPVC technology. Besides our Group's ongoing project for the proposed 7-storey social community facility at Pasir Ris, we secured two new contracts during FY2019, namely, a proposed new primary school at Tampines North along Tampines Street 61 and a proposed 8-storey nursing home at Tampines Avenue.

While our track record has been entrenched in Singapore and Malaysia, we have been growing our regional footprint to include neighbouring country such as Thailand, where we secured post-tensioning contracts for condominiums, office buildings, expressways, monorail systems, overpasses and bridges.

In Malaysia, besides post-tensioning and pre-stressing works, major construction work in progress during the year pertained to construction works for the Pan Borneo Highway Sarawak. We also secured a contract for a stay cable bridge which involves upgrading of the existing Sungai Bintangor Bridge to become an iconic stay cable bridge. The bridge is located at Jalan Datuk Ajibah Abol and bridges over Sungai Bintangor in Sarawak. Our upgrading work is expected to be completed by 2023.

In FY2019, countries outside of Singapore accounted for approximately 43.4% of our Group's total revenue and we intend to grow this even further by leveraging on our established capabilities and robust track record that we have built over the years. Our strategy is to diversify our revenue streams geographically by building a solid regional presence and pursuing more projects in the region.

## GREEN TECHNOLOGY BUSINESS

This year, our Green Technology division continued to secure more projects for the supply and installation of solar panels. One of our key contracts was from Public Utilities Board ("PUB"), for two 1.5 megawatt-peak ("MWp") floating solar photovoltaic ("PV") systems on Bedok and Lower Seletar reservoirs. Another key contract was with the private sector for the design, supply and installation of two PV systems - 0.78 MWp and 2.2 MWp - on the rooftops of two industrial buildings at Marsiling and Benoi Sector.

We are particularly excited about winning the PUB tender as we had previously participated in a floating solar PV testbed project to study the feasibility of this technology on Tengah Reservoir. We are glad to be able to follow this through with the building of floating solar PV systems that will directly power Bedok Waterworks, as well as the raw water pumping stations at both Bedok and Lower Seletar reservoirs. Together, these floating solar PV systems have the potential to power the equivalent of 800 four-room HDB flats and reduce PUB's carbon emissions by about 1.5 kilotonnes annually.

Construction works are in progress and the systems are expected to be fully operational by the second quarter of 2020.

## PROPERTY DEVELOPMENT

The preparation for redevelopment of the Goh & Goh building at Upper Bukit Timah is well underway and approaching its final stages. To be rebranded as The Linq @ Beauty World, the project is a 20-storey mixed development comprising a 2-storey commercial podium and a private residential tower with 120 apartments overlooking the lush greenery of Bukit Timah Hill and the Central Catchment area.

## CHAIRMAN'S AND CEO'S MESSAGE

The Group planned to have the sales launch for The Linq @ Beauty World in the second half of 2020. However, given the COVID-19 situation and depending on market conditions, we will continue to monitor and review our plan accordingly.

### FINANCIAL HIGHLIGHTS

For FY2019, the Group recorded revenue of S\$127.8 million, representing an 8.3% year-on-year increase, largely due to improved performance from the Specialised Engineering, General Construction, and Green Technology business segments following the increase in construction activities. Gross profit increased by 11.2% to S\$16.7 million, thereby generating a marginal rise in gross profit margin from 12.7% to 13.0%, mainly attributable by improved margins from the Specialised Engineering projects.

However, the Group's performance was moderated by a rise in other operating and finance costs, as well as loss from share of results of joint ventures. Consequently, the Group incurred a net loss attributable to shareholders of S\$12.8 million in FY2019.

The Group's net asset value attributable to equity holders of the Company was S\$121.3 million as at 31 December 2019, which translates into a net asset value per share of 37.63 Singapore cents. The Group's financial position remains healthy with a cash position of S\$49.0 million as at year end.

### BUSINESS PROSPECTS

The Building and Construction Authority of Singapore expects Singapore's construction demand to remain strong in 2020, which will mainly be led by the public sector. Total construction demand is expected to range between S\$28 billion and S\$33 billion, supported by infrastructure projects, redevelopment of past en-bloc sales sites, as well as recreational developments<sup>1</sup>.

However, despite the anticipated strong demand, the overall outlook for the construction industry is still expected to remain challenging. We will continue to contend with increased competition from both local and overseas players, as well as pressure on margins stemming from rising labour and material costs.

It is also inevitable that the Group will have to grapple with additional uncertainties arising from global trade tensions and the COVID-19 outbreak.

1 Building and Construction Authority, media release: "Singapore's construction demand for 2020 expected to remain strong" (8 January 2020)

With many countries taking measures such as lockdowns and travel restrictions to slow the spread of COVID-19, the pandemic will have significant impact on Singapore's economy as well as the global economy. The Ministry of Trade and Industry has forecasted the Singapore economic growth for 2020 to be between -4.0 and -1.0 percent, indicating a recession. The Group will be more vigilant in managing its costs and tap into the government stimulus packages and support programmes that will help to alleviate cost during the COVID-19 outbreak. The Group also recognises the impact of the COVID-19 outbreak on our business, which include supply chain disruptions and manpower shortages. The impact may be prolonged if the outbreak is not contained globally. We will continue to monitor our operations closely and ensure that business continuity measures are put in place.

Moving ahead, the Group will continue to focus on building our projects pipeline by leveraging on our strong track record, as well as our ability to enhance cost effectiveness and optimise efficiency in the management of projects. We will also explore business opportunities both locally and in the region to sustain our long-term growth.

As at 31 December 2019, the Group has an order book of approximately S\$228 million in respect of construction projects, predominantly in Singapore and Malaysia.

### APPRECIATION

We would like to take this opportunity to thank all of our Directors on the Board for their strategic counsel and insights, as we position the Group for the future.

We are also grateful to our management team and employees for their dedication and hard work amidst a very challenging business environment. Our Deputy Chief Executive Officer, Mr James Yuen, left the Group on 31 December 2019 to pursue other career opportunities, and in his place, we have appointed Mr Chew Tuan Dong to the role. Mr Chew will oversee the Group's general construction business. We wish to thank Mr Yuen for his contribution to the Group during his tenure here, and we would like to extend a warm welcome to Mr Chew.

Thank you all for your support, and we look forward to meeting you again at the upcoming Annual General Meeting.

#### Prof. Yong Kwet Yew

Independent Director  
Non-Executive Chairman

#### Tan Kheng Hwee Andrew

Executive Director and  
Chief Executive Officer

# KEY FINANCIAL HIGHLIGHTS

		FY2015	FY2016	FY2017*	FY2018	FY2019
<b>Revenue</b>	(\$'000)	425,508	276,762	195,736	118,048	<b>127,805</b>
<b>Gross Profit</b>	(\$'000)	25,207	13,397	27,570	14,976	<b>16,651</b>
<b>Profit/(Loss) Before Taxation</b>	(\$'000)	5,277	3,270	9,280	(4,658)	<b>(13,632)</b>
<b>Profit/(Loss) After Taxation (PAT)</b>	(\$'000)	2,611	1,919	10,141	(5,174)	<b>(14,225)</b>
<b>Profit/(Loss) Attributable to Equity Holders of the Company</b>	(\$'000)	2,332	1,129	10,412	(3,363)	<b>(12,822)</b>
Earnings/(Loss) Per Share	(Cents)	0.76	0.37	3.28	(1.04)	<b>(3.98)</b>
Dividend Per Share	(Cents)	0.4	0.6	0.6	–	–
Dividend Payout	(%)	52.6	162	18.3	–	–
<b>Net Assets (NAV)</b>	(\$'000)	132,808	130,824	139,946	134,566	<b>121,309</b>
NAV Per Share	(Cents)	43.12	42.48	43.41	41.74	<b>37.63</b>
Net Debt To Equity <sup>1</sup>	(%)	N.A.	N.A.	39.3	21.3	<b>38.8</b>
Return On Equity <sup>2</sup>	(%)	1.9	1.4	7.2	–	–
Return On Total Assets <sup>3</sup>	(%)	0.9	0.8	3.3	–	–

## Revenue by Business Segment

General Construction	(\$'000)	215,458	164,823	70,535	27,161	<b>31,685</b>
Specialised Engineering	(\$'000)	151,335	110,810	114,658	89,324	<b>92,251</b>
Property Development	(\$'000)	58,569	–	9,165	–	–
Green Technology	(\$'000)	118	1,101	1,350	1,502	<b>3,775</b>

## Revenue by Geographical Segment

Singapore	(\$'000)	319,317	216,311	138,845	72,789	<b>72,370</b>
Malaysia	(\$'000)	106,191	60,451	56,891	43,886	<b>49,063</b>
Others	(\$'000)	–	–	–	1,373	<b>6,372</b>

\* Restated in view of the adoption of the Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018.

Notes:

1. Net Debt To Equity = Current and non-current bank borrowings less cash and cash equivalents divided by total equity
2. Return On Equity = PAT divided by total equity
3. Return On Total Assets = PAT divided by total assets

N.A. – not applicable

# FINANCIAL REVIEW

## REVENUE

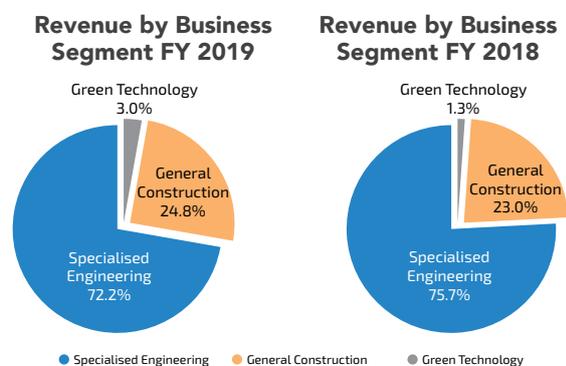
	FY2019		FY2018		Variance
	S\$'000	%	S\$'000	%	%
Specialised Engineering	92,251*	72.2	89,324*	75.7	3.3
General Construction	31,685*	24.8	27,161*	23.0	16.7
Green Technology	3,775*	3.0	1,502*	1.3	151.3
Others	94**	–	61**	–	54.1
Total	127,805	100.0	118,048	100.0	

\* Excludes inter-segment revenue

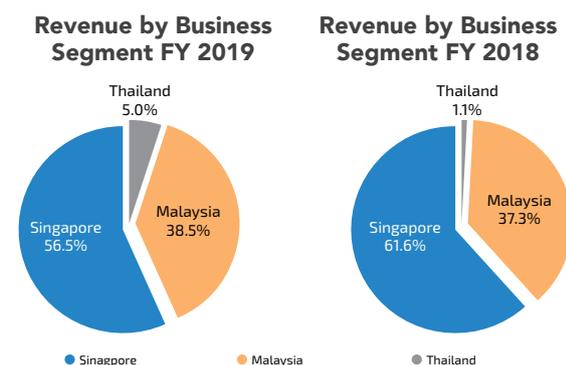
\*\* "Others" represents management fee from an associate which was not part of any segment

In FY2019, the increase in construction activities in Singapore led to the improved performance of the Specialised Engineering, General Construction, and Green Technology segments, boosting the Group's revenue by 8.3% to S\$127.8 million from S\$118.0 million achieved in FY2018.

The Specialised Engineering, General Construction and Green Technology segments accounted for 72.2%, 24.8%, and 3.0% of revenue respectively in FY2019, as compared to 75.7%, 23.0% and 1.3% in FY2018.



Geographically, Singapore and Malaysia continued to be the Group's major markets, accounting for 56.5% and 38.5% of the total revenue in FY2019 respectively. Additionally, revenue from Thailand surged by 364.1% to S\$6.4 million, as the unit successfully secured several specialised engineering projects during the year.



## PROFITABILITY

Gross profit rose by 11.2% to S\$16.7 million in FY2019, and gross profit margin improved slightly from 12.7% in FY2018 to 13.0% in FY2019, due to improved margins from the Specialised Engineering projects.

Other operating income fell by 13.7% to S\$2.5 million due to lower rental and interest income earned during the year.

Other income/(expense) comprised foreign exchange difference and fair value adjustment on derivatives, which amounted to a gain of S\$0.1 million. The fair value adjustment on derivatives arose mainly from interest rate swaps entered into by the Group, to hedge against interest rates movements on a long-term loan. The Group does not apply hedge accounting.

Administrative costs declined by 13.7% to S\$7.1 million on lower depreciation cost as some of the plant and equipment that were fully depreciated are still in use.

Other operating costs increased by 16.8% to S\$22.0 million as the Group provided S\$5.0 million impairment loss on trade receivables, contract assets and other receivables, compared to S\$0.8 million in the previous year. The provision was mainly for a debtor who has defaulted in meeting contractual payment terms. This is in relation to a contract for the design, fabrication and installation of Prefabricated Prefinished Volumetric Construction ("PPVC") modular system with a contract sum of S\$55.6 million. The Group has since issued a letter of demand and through its legal advisor, sent a statutory demand to the debtor for the outstanding debt. In determining the amount of provision for the impairment loss, the Group has considered the financial position of the debtor and the possibility of the debt recovery.

Finance costs rose by 25.2% to S\$4.0 million with additional borrowings secured during the year for the Group's property development project.

## FINANCIAL REVIEW

Share of results of joint ventures for FY2019 amounted to a loss of S\$0.1 million as compared to the previous year's gain of S\$8.6 million. The Group's share of results in FY2019 comprised share of losses of S\$0.4 million (FY2018: share of profits of S\$8.4 million) from NorthernOne Development Pte Ltd ("NorthernOne") and share of profits of S\$0.3 million (FY2018: S\$0.2 million) from other joint ventures.

NorthernOne is the developer for a mix-development comprising the residential development named as The Wisteria and the commercial development named as Wisteria Mall. Temporary Occupancy Permit ("TOP") was obtained in July 2018 and Wisteria Mall was held as an investment property for generation of income from rental proceeds. Included in the share of profits from NorthernOne for FY2018 was a combination of the recognition of development profits from The Wisteria, operating results and fair value gain from Wisteria Mall.

In FY2019, share of profits from NorthernOne declined, firstly because no development profit was recognised in the year as development profits from The Wisteria were fully recognised in prior years, and secondly due to absence of fair value gains from Wisteria Mall. Wisteria Mall incurred operating losses in FY2019 mainly due to increase in interest expense for a loan taken after TOP and fair value loss on derivatives arising from the hedging of interest rate movements on a long term loan.

The fair value gain or loss on Wisteria Mall was determined based on independent valuation by independent professional valuer for both financial years.

Income tax expense of S\$0.6 million includes under provision of current and deferred taxes of prior years of S\$0.2 million. The Group recognised income tax expense for the year as the tax losses of certain subsidiaries cannot be utilised to offset taxable profits of other subsidiaries in the Group.

As a result, the Group recorded a net loss attributable to equity holders of S\$12.8 million for FY2019.

### FINANCIAL POSITION

As at 31 December 2019, the Group's net assets value attributable to equity holders of the Company was S\$121.3 million, which translates into a net asset value per share of 37.63 Singapore cents, compared with 41.74 Singapore cents in previous year.

Non-current assets declined by 10.5% to S\$62.9 million mainly due to a decrease in (i) loans to joint venture of S\$6.7 million as the Group received partial repayment of principal and interest from its joint venture; (ii) property, plant and equipment of S\$4.4 million; and (iii) investment in associates of S\$0.7 million. The decline was partially offset by an increase in right-of-use assets of S\$5.2 million following the adoption of the new accounting standard, SFRS(I) 16 Leases.

Current assets grew by 9.4% to S\$239.3 million largely due to an increase in (i) development property of S\$14.7 million from the capitalisation of costs for the re-development of Goh & Goh building; (ii) contract assets of S\$4.0 million arising from construction work done but has yet to be certified and billed; and (iii) trade receivables of S\$8.8 million arising from progress billing at the end of the year that remained outstanding from customers. The increase was partially offset by a drop in cash and cash equivalents of S\$7.7 million.

Current liabilities rose by 29.0% to S\$64.5 million mainly due to (i) higher trade and other payables as the amount owing to suppliers and subcontractors rose with higher construction activities; (ii) higher loans and borrowings arising from an increase in trade finance facilities to pay suppliers; and (iii) recognition of lease liabilities of S\$1.4 million following the adoption of the new accounting standard, SFRS(I) 16 Leases.

Non-current liabilities increased by 12.5% to S\$119.2 million mainly due to (i) additional loans of S\$9.6 million and S\$3.2 million from the bank and non-controlling interests respectively, to finance the Group's property development project; and (ii) recognition of lease liabilities of S\$3.9 million following the adoption of the new accounting standard, SFRS(I) 16 Leases. The increase was partially offset by a decrease in trade payables of S\$1.8 million.

### CASH FLOWS

For FY2019, the Group used a net total of S\$25.5 million in cash for its operating activities, particularly for the payment of development expenses for the Group's property development projects that has yet to be launched and also the difference in timing in collection of construction revenue and payment of construction costs.

The Group generated net cash from investing activities of S\$6.3 million largely from repayment of loans from a joint venture and distribution of profits from an associate.

Net cash generated from financing activities amounted to S\$11.5 million mainly due to (i) additional loans of S\$9.6 million and S\$3.2 million from the bank and non-controlling interests respectively, to finance the Group's property development project; and (ii) additional bank borrowing of S\$1.8 million for working capital purposes. This was partially offset by the repayment of bank borrowing and lease liabilities of S\$2.7 million.

At the end of FY2019, the Group's cash position remained healthy at S\$49.0 million.

# BOARD OF DIRECTORS



## PROF YONG KWET YEW

Independent Non-Executive Director, Chairman of the Board, Chairman of the Nominating Committee, Chairman of the Remuneration Committee, Chairman of the BBR Share Plan Committee and Member of the Audit Committee

Prof Yong Kwet Yew was appointed a Director of BBR Holdings (S) Ltd on 19 August 1997. He obtained his PhD from the University of Sheffield, UK under a Grouped Scholarship in Engineering and is currently a Professor of Civil Engineering and Senior Vice President (Campus Infrastructure) at the National University of Singapore. He has conducted extensive research in infrastructure and geotechnical engineering and has delivered over 36 keynote and guest lectures at international conferences, as well as published over 200 technical papers.

Highly respected for his industry expertise, he has served as a consultant to government agencies as well as local and international companies in more than 200 major construction projects in Singapore, Asean, China and the region.

Prof Yong chairs several government advisory committees and professional committees. He is an Honorary Fellow of the Institution of Engineers Singapore and past Chairman of the Association of Geotechnical Societies in Southeast Asia. He is the Non-Executive Chairman and Independent Director of Trittech Group Limited, and also an Independent Director of Boustead Projects Ltd.

For his significant contributions to the university, construction safety and land transport development, he was conferred the Public Administration Medal (2000), the Public Service Medal (2004) and the Public Service Star (2008) respectively. He was also awarded the MND Medallion (2016) for distinguished service to the MND group of agencies, the Outstanding Geotechnical Engineer (2017) and the Institution of Civil Engineers, UK ICE200 Commemorative Medallion (2018).



## MR TAN KHENG HWEE ANDREW

Executive Director, Chief Executive Officer, Member of the BBR Share Plan Committee and Member of the Investment Committee

Mr Tan Kheng Hwee Andrew is a founding member of BBR Holdings (S) Ltd and was appointed as the Executive Director/Chief Executive Officer since 1 April 1994. He is responsible for the strategic management and business development of the Group.

Prior to setting up the Company, he spent two years after graduation in the civil service and worked for another 13 years with a public listed company. Mr Tan served as the President of Singapore Concrete Institute from 1997 to 1999.

Mr Tan holds a Bachelor Degree of Engineering (Honours) from the then University of Singapore (now the National University of Singapore) and a Master of Science in Civil Engineering from the National University of Singapore. He is also a registered Professional Engineer with the Professional Engineers Board Singapore, and a senior member of the Institute of Engineers, Singapore.

## BOARD OF DIRECTORS



### MR BRUNO SERGIO VALSANGIACOMO

Non-Executive Director, Member of the Remuneration Committee and Member of BBR Share Plan Committee

Mr Bruno Sergio Valsangiacomo was appointed a Director of BBR Holdings (S) Ltd on 11 February 1997. He is the Executive Chairman of Tectus S.A., BBR Holding AG, Screening Eagle Technologies S.A. and FFC Fincoord Finance Coordinators Ltd., as well as a Board member of other TectusGroup.com associated companies.

He is a founder of Screening Eagle Dreamlab Pte Ltd, a cross-functional research centre in Fusionopolis, Singapore, leading various next-generation initiatives including ScreeningEagle.com, a technology for the monitoring of the health condition and the efficient maintenance of infrastructure and property assets to serve global markets in partnership with Singapore research and government agencies.

Mr. Valsangiacomo started his career in 1972 in corporate banking and trade finance with UBS and Paribas Switzerland, and in 1991 became a founding shareholder and member of the Executive Committee of the ITI Group in Poland, the leading television, digital media and entertainment Group in Central Europe, which was sold in 2015 to various strategic investors.

Mr Valsangiacomo is also a founding partner of Virtually Live, a virtual reality company specialised in virtual live event experiences, NeuroPro Ltd, a company developing next generation tools for applied brain science and The Brain Forum, an independent charitable foundation dedicated to helping fulfil the potential of brain science to benefit humanity.

He graduated with a Bachelor of Business Administration from the School of Economics and Administration in Zurich.



### MR MARCEL POSER

Non-Executive Director

Mr. Marcel Poser was appointed a Director of BBR Holdings (S) Ltd on 24 April 2015. Prior to this appointment, he was an Alternate Director of the Company since 4 August 2011.

Mr. Poser is an entrepreneur, business strategist and disruptor in the technology space. He is the Chief Executive Officer and co-founder of Screening Eagle Technologies S.A., a technology company with the mission to protect the built world by incorporating workflow software, cloud-connected sensors and delivering asset health data of the aging global infrastructure, and to detect birth-defects of new assets. He is also a co-founder of Screening Eagle (Tectus) Dreamlab in Singapore, a cross-functional software research center, and spearheaded various development projects in IoT, big-data, virtual and augmented reality and artificial intelligence.

Mr. Poser also serves in leadership positions of companies within the Tectus Group, where he was Group Chief Executive Officer from 2011 to 2020. He joined the Group in 2002 with BBR VT International where, as the Chief Executive Officer from 2006 until 2011, he transformed the BBR Group in the world's largest engineering franchise.

Mr. Poser earned his undergraduate engineering degree from Zurich University of Applied Sciences and a Master's degree from the Cockrell School of Engineering at The University of Texas at Austin in 2001. In 2016, Mr. Poser was the only 30th alumni of The University of Texas at Austin to receive the prestigious Outstanding Young Engineering Graduate Award.

# BOARD OF DIRECTORS



## MR ROMANO WILLIAM FANCONI

Alternate Director to Mr Marcel Poser

Mr Romano William Fanconi was appointed an Alternate Director to Mr Marcel Poser on 24 April 2015.

Mr Fanconi has been Managing Partner of FFC Fincoord Finance Coordinators AG since 1995 and within the Tectus Group of companies, he is responsible for M&A, legal, finance and administration. He is also concurrently a member of the board of directors of Tectus S.A., BBR Holding AG, BBR VT International, Screening Eagle Technologies S.A. and other Tectus Group associated companies.

He initially focused on media as Corporate Secretary of leading Polish media and entertainment group ITI Group. ITI Group built the largest broadcasting, media and entertainment group in Poland, and its core company, publicly-listed TVN Group, was sold to Scripps Networks Interactive Inc. in 2015. Mr Fanconi is also a founding partner of Virtually Live, a virtual reality company specialised in virtual live event experiences.

Mr Fanconi holds a Bachelor Degree in Business Administration from the Lucerne School of Economics and Business Administration.



## MS LUK KA LAI CARRIE (MRS CARRIE CHEONG)

Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nominating Committee, Member of the Remuneration Committee and Member of the Investment Committee

Ms Luk Ka Lai Carrie was appointed a Director of BBR Holdings (S) Ltd on 24 September 1997. She is a Director and Chief Executive Officer of Carrie Cheong & Ethel Low Consulting Pte. Ltd., a company which provides business advisory services, financial management and corporate services. She has extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers and mergers and acquisitions.

Ms Luk holds a Master Degree of Business Administration from the University of Brunel, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountant, a member of the Institute of Singapore Chartered Accountants, a practising Chartered Secretary and an Associate of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), UK and Chartered Secretaries Institute of Singapore. She also serves as an Independent Director on the board of another public-listed company in Singapore.

## BOARD OF DIRECTORS



### MR SOH GIM TEIK

Independent Non-Executive Director, Chairman of the Investment Committee, Member of the Audit Committee and Member of the Nominating Committee

Mr Soh Gim Teik was first appointed a Director of BBR Holdings (S) Ltd on 8 August 2008. With extensive industry experience in corporate governance, finance and strategic management, he is currently a member of the Institute of Singapore Chartered Accountants and a Fellow of the Singapore Institute of Directors where he serves on its Governing Council as its Audit Committee Chairman.

Besides serving as an independent director on the boards of listed companies, he also holds other independent directorship appointments in a number of charitable and non-profit organisations.

Mr Soh holds a Bachelor Degree of Accountancy from the then University of Singapore (now the National University of Singapore).

### MR VOON YOK LIN

Executive Director

Mr Voon Yok Lin was appointed a Director of BBR Holdings (S) Ltd on 21 June 2017. He is currently the Managing Director of BBR Construction Systems (M) Sdn. Bhd., where he is responsible for the overall operations and management.

Prior to joining the Group in 1994, he worked in various capacities in a Malaysian construction firm, which specialises in pre-stressing construction technology.

Mr Voon holds a Bachelor Degree of Science (Honours) in Civil Engineering from the University of Strathclyde, Scotland, in the United Kingdom. He is a registered Professional Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.

### MR VOON CHET CHIE

Alternate Director to Mr Voon Yok Lin

Mr Voon Chet Chie was appointed an Alternate Director to Mr Voon Yok Lin on 21 June 2017. He joined BBR Construction Systems (M) Sdn Bhd in 2012 as a Project Engineer in-charge of MRT and LRT projects. In 2017, he was appointed the current role of Manager (Special Task) where he is responsible for overseeing the cable-stayed bridge construction, beam casting and MRT Line 2 project.

Prior to joining the Group, he worked in an engineering capacity with the national oil and gas company in Malaysia and was involved in offshore pipelines and facilities rejuvenation projects.

Mr Voon holds a Bachelor Degree of Engineering (Honours) from Universiti Teknologi PETRONAS, Malaysia and a Master of Science (Construction Project Management) from Robert Gordon University, Scotland, in the United Kingdom. He is a registered Graduate Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.

He is the son of Executive Director, Mr. Voon Yok Lin.

# SENIOR MANAGEMENT



## MR DAVID CHEW TUAN DONG

Deputy Chief Executive Officer, BBR Holdings (S) Ltd  
Managing Director, Singapore Engineering & Construction Pte Ltd / Singa Development Pte Ltd

Mr. David Chew was appointed the Deputy Chief Executive Officer of BBR Holdings (S) Ltd on 3 January 2020. He is also the Managing Director of the Group's General Construction Division companies – Singapore Engineering & Construction Pte Ltd and Singa Development Pte Ltd.

Mr. Chew has more than 30 years of experience in the civil engineering and building industry having worked in Singapore, Malaysia, Taiwan and India.

Prior to joining the Group, Mr. Chew held various senior management positions and portfolios in the management of multi-discipline integrated construction, engineering, infrastructure and building works. His last appointment was Deputy Chief Executive Officer of a public-listed company, where he was responsible for the overall management of its construction of infrastructure and building projects.

Mr. Chew holds a Bachelor of Science Degree in Civil Engineering (first-class honour) from the University of Strathclyde, a Master of Science in Civil Engineering from the National University of Singapore, and Graduate Diploma in Financial Management from the Singapore Institute of Management. He is also a registered Professional Engineer with the Professional Engineers Board Singapore, and a Senior Member of the Institute of Engineers, Singapore.



## MR JOHN MO KUAN SHENG

Managing Director, BBR Construction Systems Pte Ltd / BBR Piling Pte Ltd / Moderna Homes Pte Ltd  
Director, Moderna Homes (Hong Kong) Limited

Mr John Mo Kuan Sheng is the Managing Director of BBR Construction Systems Pte Ltd since 1999. He is also the Managing Director of Moderna Homes Pte Ltd. He is in charge of day-to-day operations, marketing and business development for the Specialised Engineering business, which includes mainly post-tensioning and prefabricated prefinished volumetric construction.

Prior to joining the Group in 1994, Mr Mo worked in several construction companies from 1988 to 1993.

Mr Mo holds a Bachelor Degree of Engineering (Civil) from the National University of Singapore.

## SENIOR MANAGEMENT



### MR PAUL CHEONG KIN FOO

Director, BBR Construction Systems (M) Sdn Bhd / Strengthened Soil Wall (M) Sdn. Bhd.

Mr Paul Cheong Kin Foo joined BBR Construction Systems (M) Sdn. Bhd. as an Accounts/Administration Manager on 15 November 1997 and is responsible for the financial and administration matters of the company. He was appointed as a Director of BBR Construction Systems (M) Sdn. Bhd. on 4 January 2007.

Prior to joining the Group, he worked for about 15 years in the trading, manufacturing and services industries.

Mr Cheong is a graduate of the Association of International Accountants (United Kingdom) and has a Diploma in Computer Studies from the National Centre for Information Technology, United Kingdom.



### MS CHEW NAM YEO

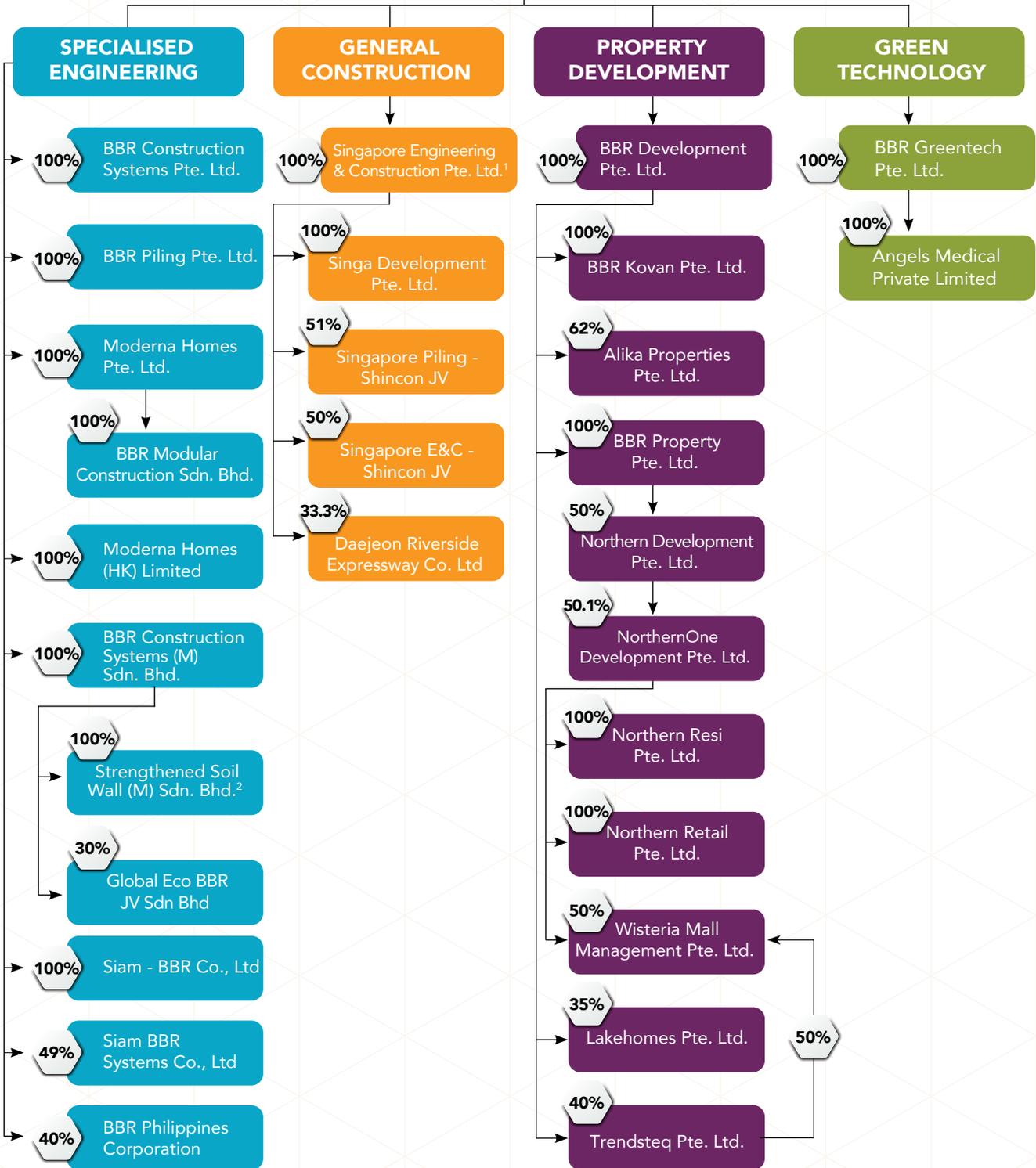
Chief Financial Officer, BBR Holdings (S) Ltd

Director, BBR Development Pte Ltd / BBR Kovan Pte Ltd / BBR Property Pte Ltd / BBR Greentech Pte Ltd / Alike Properties Pte Ltd / Singapore Engineering & Construction Pte Ltd / Singa Development Pte Ltd / Angels Medical Private Limited / Wisteria Mall Management Pte Ltd

Ms Chew Nam Yeo was appointed the Chief Financial Officer of BBR Holdings (S) Ltd on 2 May 2017. She oversees the Group's finance and corporate functions covering financial reporting, treasury, tax, investor relations and corporate secretarial matters. Before joining the Company, she was the Chief Financial Officer of a listed company providing engineering equipment and services to oil & gas and petrochemical companies. Adding to her breadth of experience, she spent more than 10 years in various financial capacities in other listed companies and several years as an auditor in an established public accounting firm.

Ms Chew holds a Bachelor Degree of Accountancy (Honours) from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

# CORPORATE STRUCTURE



Note  
 1 formerly known as Singapore Piling & Civil Engineering Private Limited  
 2 formerly known as SP Piling Sdn. Bhd.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Prof Yong Kwet Yew

Independent Director  
PhD, B.E (Hons), PEng, FIES, MSID,  
Accredited Adjudicator

### Mr Tan Kheng Hwee Andrew

Executive Director and Chief Executive Officer  
B.E. (Hons), M.Sc., MIES, PEng, FSCI, MSID

### Mr Voon Yok Lin

Executive Director  
B.Sc. (Hons)

### Mr Voon Chet Chie

Alternate Director to Mr Voon Yok Lin  
B.Eng. (Hons), M.Sc.

### Mr Bruno Sergio Valsangiacomo

Non-Executive Director  
BBA

### Mr Marcel Poser

Non-Executive Director  
M.Sc. Eng./Dipl.Ing.SIA

### Mr Romano William Fanconi

Alternate Director to Mr Marcel Poser  
BBA

### Ms Luk Ka Lai Carrie

Independent Director  
MBA, FCCA, ACIS, ACS, CA (Singapore), MSID, MSIM

### Mr Soh Gim Teik

Independent Director  
BAcc, CA (Singapore), FSID

## AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

**Ms Luk Ka Lai Carrie** (Chairperson)

**Prof Yong Kwet Yew**

**Mr Soh Gim Teik**

## NOMINATING COMMITTEE

**Prof Yong Kwet Yew** (Chairman)

**Ms Luk Ka Lai Carrie**

**Mr Soh Gim Teik**

## REMUNERATION COMMITTEE

**Prof Yong Kwet Yew** (Chairman)

**Mr Bruno Sergio Valsangiacomo**

**Ms Luk Ka Lai Carrie**

## BBR SHARE PLAN COMMITTEE

**Prof Yong Kwet Yew** (Chairman)

**Mr Bruno Sergio Valsangiacomo**

**Mr Tan Kheng Hwee Andrew**

## INVESTMENT COMMITTEE

**Mr Soh Gim Teik** (Chairman)

**Mr Tan Kheng Hwee Andrew**

**Ms Luk Ka Lai Carrie**

## COMPANY SECRETARY

**Ms Chiang Chai Foong**

FCIS, FCS, MSID

## REGISTERED OFFICE

50 Changi South Street 1  
BBR Building  
Singapore 486126  
Tel : (65) 6546 2280  
Fax : (65) 6546 2268  
Website : [www.bbr.com.sg](http://www.bbr.com.sg)  
Email : [enquiry@bbr.com.sg](mailto:enquiry@bbr.com.sg)

## SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte. Ltd.**

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel : (65) 6536 5355  
Fax : (65) 6536 1360

## AUDITORS

**Ernst & Young LLP**

One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner in-charge: Lim Tze Yuen  
(Appointed with effect from financial year ended 31 December 2016)

## BANKERS

Oversea-Chinese Banking Corporation Limited  
DBS Bank Ltd  
Malayan Banking Berhad  
Standard Chartered Bank  
The Hongkong & Shanghai Banking Corporation Limited  
United Overseas Bank Limited  
Resona Merchant Bank Asia Limited  
CIMB Bank Bhd  
Ambank Bhd  
Amlslamic Bank Bhd  
United Overseas Bank (Thai)  
Public Company Limited

# AWARDS & ACCOLADES

## ARCHITECTURAL HERITAGE

- 2017** BCA Universal Design Mark GoldPlus 2017 for Kallang Trivista
- 2016** International Architecture Award from the Chicago Athenaeum Museum of Architecture and Design, the European Centre Architecture Art Design and Urban Studies for Bliss @Kovan
- 2009** Architectural Heritage Award from the Urban Redevelopment Authority (URA ) for the "Restoration" of 9 King George's Avenue (Peoples' Association Headquarters)
- 2003** Architectural Heritage Award from the URA for the "Restoration" of Asian Civilisation Museum, Empress Place
- 2001** Architectural Heritage Award from the URA for the Restoration of 101 Penang Road (House of Tan Yeok Nee)
- 1998** Architectural Heritage Award from the URA for the Restoration of Asian Civilisation Museum
- 1995** Architectural Heritage Award from the URA for the Restoration of River House at Clarke Quay

## GREEN MARK

- 2014** Green Mark Platinum from the BCA for Galaxis (Fusionopolis 5)
- 2014** Green Mark Platinum from the BCA for Residential Hall at North Hill Nanyang Technological University
- 2011** Green Mark GoldPlus from the BCA for Bliss @Kovan
- 2010** Green Mark Certified from the BCA for Lush on Holland Hill
- 2009** Green Mark GoldPlus from the BCA for Icon@IBP
- 2008** Green Mark Gold from the BCA for 8 Nassim Hill
- 2007** Green Mark GoldPlus from the BCA for Peoples' Association Headquarters

## BEST BUILDABLE DESIGN

- 2006** Best Buildable Design Award from the Building and Construction Authority (BCA) for Yu Neng Primary School
- 2001** Best Buildable Design Award from the BCA for North Spring Primary School and Poi Ching School

## CONSTRUCTION EXCELLENCE

- 2016** Award for Construction Excellence (Merit) from the BCA for Galaxis (Fusionopolis 5)
- 2014** Award for Construction Excellence from the BCA for Lush on Holland Hill
- 1997** Award for Construction Excellence from the Construction Industry Development Board (CIDB) for SAFTI Military Institute Phase III
- 1994** Award for Construction Excellence from the CIDB for Reconstruction of Sir Arthur's Bridge

## CONSTRUCTION PRODUCTIVITY

- 2018** BCA Construction Productivity Platinum Award for NTU Residential Halls at Nanyang Crescent
- 2018** BCA Construction Productivity Gold Award for NTU Residential Halls at North Hill
- 2018** Innovation & Productivity Gold Award for The Wisteria & Wisteria Mall by the Singapore Contractors' Association Ltd (SCAL)
- 2018** Most Innovative Project Award (Merit) for The Wisteria & Wisteria Mall by the Singapore Structural Steel Society (SSSS)
- 2017** BCA BIM GoldPlus Award as the Builder for The Wisteria & Wisteria Mall
- 2016** BCA Construction Productivity Gold Award for the Galaxis (Fusionopolis 5)
- 2015** BCA BIM Gold Award as the Builder for the Galaxis (Fusionopolis 5)
- 2015** Construction Productivity Gold Award from the BCA for Lush on Holland Hill
- 2014** BCA BIM Gold Award as the Builder for Residential Halls at North Hill, Nanyang Technological University

## AWARDS & ACCOLADES

### QUALITY

- 2019** BCA Quality Mark (QM) Excellence Award for Good Workmanship for The Wisteria
- 2013** BCA Quality Mark (QM) Star Award for Good Workmanship for Lush on Holland Hill
- 2012** Housing and Development Board (HDB) Quality Partners Award for Building Improvement Works to Void Deck Columns using Polymer Fibre Wrapping

### SAFETY

- 2019** WSH Performance Awards 2019 (Silver) by WSH Council & Ministry of Manpower
- 2018** 2018 - WSH Performance Awards 2018 (Silver) by WSH Council & Ministry of Manpower
- 2018** WSH SHARP Award for The Wisteria & Wisteria Mall by WSH Council & Ministry of Manpower
- 2018** Health & Safety Awards 2018 (Gold) by the Royal Society for the Prevention of Accidents (RoSPA)
- 2017** WSH Performance Awards 2017 Certificate of Commendation for Commitment to Workplace Safety & Health from the WSH Council
- 2016** WSH Performance Awards 2016 (Silver) by WSH Council & Ministry of Manpower (MOM)
- 2016** CultureSAFE Certificate of Commendation by WSH Council
- 2016** RoSPA Health & Safety Awards 2016 (Silver) by the Royal Society for the Prevention of Accidents for Bliss @Kovan, HDB Kallang Whampoa Contract 28B and Residential Hall at North Hill Nanyang Technological University
- 2013** Certificate of Recognition for Million Accident Free Man-hours from LTA for Contract 937B Tai Seng Facility Building
- 2006** Safety Management Silver Award from Concord Associates for Deep Tunnel Sewerage System Changi Water Reclamation Plant Contract C4A
- 1999** Safety Performance Merit Award from the MOM for Temasek Secondary School
- 1998** Safety Performance Merit Award from the MOM for Raffles Girls' Primary School
- 1996** Safety Management Bronze Award from Concord Associates for Central Ministries Building

### CONSTRUCTION ENVIRONMENT

- 2019** Green and Gracious Builder Star Award
- 2018** Green and Gracious Builder Star Award
- 2017** Green and Gracious Builder Star Award
- 2016** Green and Gracious Builder Star Award
- 2016** ASEAN Energy Awards, Winner in the ASEAN Best Practices Awards for Energy Efficient Buildings for the Galaxis (Fusionopolis 5)
- 2015** Green and Gracious Builder Star Award
- 2014** Green and Gracious Builder Star Award
- 2013** Green and Gracious Builder Merit Award
- 2012** Construction Environmental Award – Certificate of Merit from the Land Transport Authority (LTA ) for Contract ER 361 (Widening of Keppel Viaduct)

### COMPANY RANKING

- 2019** Singapore 1000 Company - Public Listed Companies 2019 from DP Information Group
- 2018** Singapore 1000 Company - Public Listed Companies 2018 from DP Information Group
- 2018** Singapore 1000 Company - Emerging 2018 Award from DP Information Group
- 2017** Singapore 1000 Company - Public Listed Companies 2017 from DP Information Group
- 2015** ANZ Global Business Excellence Award
- 2014** Singapore 1000 Company - Emerging 2014 Award from DP Information Group
- 2013** Singapore 1000 Company – Emerging 2013 Award from DP Information Group
- 2012** Singapore 1000 Company – Emerging 2012 Award from DP Information Group

### OTHERS

- 2017** NSMark Gold Certificate for Exemplary Support for Total Defence & National Service by MINDEF

# REGIONAL PRESENCE

## SINGAPORE

- BBR Holdings (S) Ltd
- BBR Construction Systems Pte. Ltd.
- BBR Development Pte Ltd
- BBR Greentech Pte. Ltd
- BBR Kovan Pte. Ltd.
- BBR Piling Pte. Ltd.
- BBR Property Pte. Ltd.
- Alika Properties Pte. Ltd.
- Angels Medical Private Limited
- Lakehomes Pte. Ltd.
- Moderna Homes Pte. Ltd.
- Northern Development Pte. Ltd.
- NorthernOne Development Pte. Ltd.
- Northern Resi Pte. Ltd.
- Northern Retail Pte. Ltd.
- Singa Development Pte. Ltd.
- Singapore Engineering & Construction Pte. Ltd.
- Singapore Piling-Shincon JV
- Singapore E&C-Shincon JV
- Trendsteq Pte. Ltd.
- Wisteria Mall Management Pte. Ltd.

50 Changi South Street 1  
BBR Building  
Singapore 486126

Tel: (65) 6546 2280  
Fax: (65) 6546 2268  
www.bbr.com.sg

## MALAYSIA

- BBR Construction Systems (M) Sdn. Bhd
- Strengthened Soil Wall (M) Sdn. Bhd.
- Global Eco BBR JV Sdn Bhd

No. 17 Jalan Sg. Jeluh 32/191  
Kawasan Perindustrian  
Kemuning, Seksyen 32  
40460 Shah Alam, Selangor  
Darul Ehsan  
Malaysia

Tel: (603) 5525 3270  
Fax: (603) 5525 3285  
www.bbr.com.my

- BBR Modular Construction Sdn. Bhd.

PTD 72658, Jalan Seelong Jaya  
15, 81400 Seelong, Johor,  
Malaysia

Tel: (65) 6546 2280  
Fax: (65) 6546 2268

## PHILIPPINES

- BBR Philippines Corporation

Suite 502,  
7 East Capitol Building  
No. 7 East Capitol Drive  
Barangay Kapitolyo  
1603 Pasig City, Metro Manila  
Philippines

Tel: (63) 2638 7261  
Fax: (63) 2638 7260

## THAILAND

- Siam-BBR Co. Ltd
- Siam-BBR Systems Co. Ltd

449, 2nd Floor, 59 Building  
Muang Thong Thani, Bond  
Street Road, Bangpood Sub-  
district, Pakkred District  
Nonthaburi 11120  
Thailand

Tel: (66) 02-046-8522  
Fax: (66) 02-046-8522

## HONG KONG

- Moderna Homes (HK) Limited

Flat C, 8/F, King Palace Plaza  
No. 55 King Yip Street  
Kwun Tong, Kowloon  
Hong Kong

Tel: (65) 6546 2280  
Fax: (65) 6546 2268



# FINANCIAL REPORT CONTENTS

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# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of BBR Holdings (S) Ltd (“the Company”) and its subsidiaries (collectively, “the Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

## OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and 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 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Prof. Yong Kwet Yew	(Non-Executive Chairman)
Tan Kheng Hwee Andrew	(Executive Director and Chief Executive Officer)
Bruno Sergio Valsangiacomo	
Luk Ka Lai Carrie	
Soh Gim Teik	
Marcel Poser	
Romano William Fanconi	(Alternate Director to Marcel Poser)
Voon Yok Lin	
Voon Chet Chie	(Alternate Director to Voon Yok Lin)

## 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 object 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' STATEMENT

## 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 of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>The Company</b>				
<b>BBR Holdings (S) Ltd</b>				
<b><u>Ordinary shares</u></b>				
Tan Kheng Hwee Andrew	17,250,474	17,250,474	228,400	228,400
Bruno Sergio Valsangiacomo	–	–	85,632,978	85,632,978
Romano William Fanconi	80,000	80,000	–	–
Voon Yok Lin	16,690,000	16,690,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

By virtue of section 7 of the Singapore Companies Act, Chapter 50, Bruno Sergio Valsangiacomo is deemed to have interests in shares 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.

## THE BBR SHARE PLAN

The BBR Share Plan ("the Plan") was approved by members of the Extraordinary General Meeting held on 28 April 2010.

The Plan is a share incentive plan. The Plan is proposed on the basis that it is important to retain employees whose contributions are important to the well-being and prosperity of the Group and to recognise outstanding executives and directors of the Group who have contributed to the growth of the Group. The Plan will give participants an opportunity to have a personal equity interest in the Company and will assist in achieving the following positive objectives:

- the motivation of each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- the retention of key executives and directors of the Group whose contributions are important to the long-term growth and profitability of the Group;

# DIRECTORS' STATEMENT

## THE BBR SHARE PLAN *(cont'd)*

- (c) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of the Group;
- (d) to make employee remuneration sufficiently competitive to recruit and retain employees with relevant skills to contribute to the Group and to create value for the shareholders; and
- (e) to align the interests of the participants with the interests of the shareholders.

The Plan is administered by The BBR Share Plan Committee ("the Committee") whose members are Prof. Yong Kwet Yew (Chairman), Tan Kheng Hwee Andrew and Bruno Sergio Valsangiacomo.

The size of the Plan shall not exceed 10% of the issued ordinary share capital of the Company. The participants are not required to pay for the grant of awards or for the shares allotted or allocated pursuant to an award. Shares granted shall be vested over a period of time, subject to the satisfaction of specific performance conditions of the Group and individual service conditions, i.e. the participant must remain an employee of BBR on date of vesting and release. Performance conditions to be set include targets based on criteria such as successful completion of a project, market share, market ranking, the financial results of the Group, profitability and return on equity, return on investment as well as total shareholders' return and economic value added.

Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time on or before the award date and are not undischarged bankrupts and have not entered into a composition with their respective creditors and non-executive directors are eligible to participate in the Plan.

Controlling shareholders and associates of controlling shareholders shall not be eligible to participate in the Plan.

The Plan shall be in force up to a maximum period of 10 years from the date on which the Plan was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in general meeting and of such relevant authorities which may then be required.

Details of performance share awards of the Company during the year are set out as follows:

Name of participant	Granted in financial year ended 31.12.2019	Aggregate granted since commencement of the Plan to 31.12.2019	Aggregate released since commencement of the Plan to 31.12.2019	Aggregate outstanding as at 31.12.2019
Director of the Company				
- Tan Kheng Hwee Andrew	-	650,000	(650,000)	-
Key management and executives of the Group	-	3,210,000	(3,210,000)	-
<b>As at 31 December 2019</b>	-	3,860,000	(3,860,000)	-

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50., including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## AUDITOR

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

On behalf of the board of directors,



Tan Kheng Hwee Andrew  
Executive Director and Chief Executive Officer



Luk Ka Lai Carrie  
Non-Executive Director

26 March 2020

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of BBR Holdings (S) Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position 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, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

### Key Audit Matters

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

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Revenue recognition on construction contracts

Please refer to Note 2.25(a) Construction contracts, Note 3.1 Key sources of estimation uncertainty and Note 4 Revenue.

For the year ended 31 December 2019, the Group recognised revenue amounting to \$121,311,000 from its specialised engineering and general construction contracts, where revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract based on the Percentage of Completion ("POC") method. The POC for these contracts were measured based on the contract costs incurred to-date as a proportion of estimated total contract costs (input method). Significant judgments and estimation by management are required in determining the estimated total contract costs, including the evaluation of contractual adjustments to costs due to variation works and key material price adjustments, which accordingly determines the progress and amount of revenue to be recognised during the year. As such, we considered revenue recognition on construction contracts to be a key audit matter.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

## Key Audit Matters *(cont'd)*

We carried out procedures to understand the Group's processes for evaluating contractual arrangements, and management's assessment of contractual adjustments arising from variation works and key material price adjustments. We obtained an understanding and reviewed management's internal costing, budgeting processes and the determination of estimated total contract costs. We traced significant components of estimated total contract costs for selected projects to the underlying supporting documents such as projects budgets and agreements. On a sampling basis, we reviewed correspondences with contractors and discussed the progress of the projects with management for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated total contract costs or recognition of onerous contract, if any. We also considered the adequacy of the Group's disclosures in respect of this matter.

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

## Auditor's Responsibilities for the Audit of the Financial Statements *(cont'd)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.



Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
26 March 2020

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
<b>Revenue</b>	4	127,805	118,048
<b>Cost of sales</b>		(111,154)	(103,072)
<b>Gross profit</b>		16,651	14,976
Other operating income	5	2,455	2,845
Other income/(expense)		114	(987)
Administrative costs		(7,061)	(8,184)
Other operating costs		(22,013)	(18,852)
Finance costs	6	(3,984)	(3,182)
Share of results of joint ventures	14	(138)	8,599
Share of results of associates	15	344	127
<b>Loss before taxation</b>	7	(13,632)	(4,658)
Income tax expense	8	(593)	(516)
<b>Loss for the year</b>		(14,225)	(5,174)
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation loss		(212)	(82)
Other comprehensive income for the year		(212)	(82)
<b>Total comprehensive income for the year</b>		(14,437)	(5,256)
<b>Loss attributable to:</b>			
Equity holders of the Company		(12,822)	(3,363)
Non-controlling interests		(1,403)	(1,811)
		(14,225)	(5,174)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		(13,027)	(3,446)
Non-controlling interests		(1,410)	(1,810)
		(14,437)	(5,256)
<b>Loss per share (cents per share)</b>			
Basic	9	(3.98)	(1.04)
Diluted	9	(3.98)	(1.04)

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	10	29,815	34,188	13,654	15,974
Right-of-use assets	11	5,214	–	2,179	–
Intangible assets	12	–	–	–	–
Investments in subsidiaries	13	–	–	55,557	58,114
Investments in joint ventures	14	10,431	10,840	–	–
Investments in associates	15	1,749	2,455	260	260
Contract assets	4	7,136	7,518	–	–
Loans to a joint venture	19	8,530	15,260	–	–
		62,875	70,261	71,650	74,348
<b>Current assets</b>					
Trade receivables	18	18,859	10,021	–	–
Amounts due from subsidiaries	20	–	–	6,909	5,027
Contract assets	4	34,973	30,995	–	–
Development property	21	120,053	105,363	–	–
Properties held for sale	22	666	1,058	–	–
Inventories	22	7,031	8,640	–	–
Investment securities	16	8	8	–	–
Other receivables	23	3,954	1,554	90	223
Pledged deposits	25	4,833	4,479	–	–
Cash and cash equivalents	25	48,964	56,680	482	2,217
Income tax recoverable		–	54	–	–
		239,341	218,852	7,481	7,467
<b>Total assets</b>		302,216	289,113	79,131	81,815
<b>Current liabilities</b>					
Amounts due to subsidiaries	20	–	–	5,955	6,811
Contract liabilities	4	15,566	16,005	–	–
Trade and other payables	26	39,171	27,219	216	195
Deferred income	27	180	174	–	–
Other liabilities	27	3,576	3,775	1,613	735
Lease liabilities	11	1,360	–	224	–
Loans and borrowings	28	4,414	2,754	477	472
Income tax payables		186	21	5	5
		64,453	49,948	8,490	8,218
<b>Net current assets/(liabilities)</b>		174,888	168,904	(1,009)	(751)

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>					
Trade payables	26	2,066	3,837	–	–
Derivatives	24	1,206	1,076	–	–
Deferred income	27	2,779	2,858	–	–
Deferred tax liabilities	17	315	237	–	–
Lease liabilities	11	3,865	–	2,066	–
Loans and borrowings	28	109,014	97,971	8,767	9,241
		119,245	105,979	10,833	9,241
<b>Total liabilities</b>		183,698	155,927	19,323	17,459
<b>Net assets</b>		118,518	133,186	59,808	64,356
<b>Equity attributable to equity holders of the Company</b>					
Share capital	29	49,082	49,082	49,082	49,082
Treasury shares	30	(566)	(566)	(566)	(566)
Retained earnings		72,719	85,771	11,292	15,840
Foreign currency translation reserve		74	279	–	–
		121,309	134,566	59,808	64,356
Non-controlling interests		(2,791)	(1,380)	–	–
<b>Total equity</b>		118,518	133,186	59,808	64,356

The 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

Group	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital (Note 29)	Treasury shares (Note 30)	Retained earnings	Foreign currency translation reserve	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Balance at 31 December 2018</b>	49,082	(566)	85,771	279	134,566	(1,380)	133,186	
Adoption of SFRS(I) 16	–	–	(230)	–	(230)	(1)	(231)	
<b>Balance at 1 January 2019 (restated)</b>	49,082	(566)	85,541	279	134,336	(1,381)	132,955	
<u>Total comprehensive income</u>								
Loss for the year	–	–	(12,822)	–	(12,822)	(1,403)	(14,225)	
Other comprehensive income for the year	–	–	–	(205)	(205)	(7)	(212)	
<b>Total comprehensive income for the year</b>	–	–	(12,822)	(205)	(13,027)	(1,410)	(14,437)	
<b>Balance at 31 December 2019</b>	49,082	(566)	72,719	74	121,309	(2,791)	118,518	

The 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

## Attributable to owners of the Company

Group	Note	Share capital (Note 29) \$'000	Treasury shares (Note 30) \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2018</b>		49,082	(566)	91,068	362	139,946	430	140,376
<u>Total comprehensive income</u>								
Loss for the year		-	-	(3,363)	-	(3,363)	(1,811)	(5,174)
Other comprehensive income for the year		-	-	-	(83)	(83)	1	(82)
<b>Total comprehensive income for the year</b>		-	-	(3,363)	(83)	(3,446)	(1,810)	(5,256)
<u>Distributions to owners</u>								
Dividends paid on ordinary shares	31	-	-	(1,934)	-	(1,934)	-	(1,934)
<b>Total transactions with owners in their capacity as owners</b>		-	-	(1,934)	-	(1,934)	-	(1,934)
<b>Balance at 31 December 2018</b>		49,082	(566)	85,771	279	134,566	(1,380)	133,186

The 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

Company	Note	Share capital (Note 29) \$'000	Treasury shares (Note 30) \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 31 December 2018</b>		49,082	(566)	15,840	64,356
Adoption of SFRS(I) 16		–	–	(168)	(168)
<b>Balance at 1 January 2019 (restated)</b>		49,082	(566)	15,672	64,188
Loss for the year, representing total comprehensive income for the year		–	–	(4,380)	(4,380)
<b>Balance at 31 December 2019</b>		49,082	(566)	11,292	59,808
<b>Balance at 1 January 2018</b>		49,082	(566)	21,454	69,970
Loss for the year, representing total comprehensive income for the year		–	–	(3,680)	(3,680)
<u>Distributions to owners</u>					
Dividends paid on ordinary shares	31	–	–	(1,934)	(1,934)
<b>Total transactions with owners in their capacity as owners</b>		–	–	(1,934)	(1,934)
<b>Balance at 31 December 2018</b>		49,082	(566)	15,840	64,356

The 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 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(13,632)	(4,658)
Adjustments for:			
Depreciation of property, plant and equipment		5,231	6,005
Amortisation of deferred income		(180)	(174)
Depreciation of right-of-use assets		1,279	–
Write-back for inventory obsolescence		(11)	(46)
(Write-back)/impairment loss on properties held for sale		(302)	71
Loss provision on trade receivables, contract assets and other receivables		4,973	846
Impairment loss on goodwill		–	119
Share of results of joint ventures		138	(8,599)
Share of results of associates		(344)	(127)
Accreted interest		223	227
Fair value loss on derivatives		130	1,040
Fair value loss on investment securities		–	4
(Gain)/loss on disposal of property, plant and equipment		(137)	9
Interest income		(854)	(1,006)
Interest expense		3,761	2,955
<b>Operating cash flows before working capital changes</b>		275	(3,334)
<i>(Increase)/decrease in:</i>			
Development property		(14,690)	(658)
Contract assets		(7,113)	5,934
Trade receivables		(9,654)	4,209
Other receivables		(2,346)	4,574
Inventories		1,603	(2,511)
<i>Increase/(decrease) in:</i>			
Trade and other payables		9,809	(14,497)
Contract liabilities		(453)	879
Other liabilities		(696)	(756)
<b>Cash used in operations</b>		(23,265)	(6,160)
Interest paid		(3,118)	(2,539)
Interest received		1,235	338
Income tax paid		(350)	(1,609)
<b>Net cash used in operating activities</b>		(25,498)	(9,970)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(1,663)	(894)
Proceeds from disposal of property, plant and equipment		258	106
Investment in an associate		–	(200)
Distribution of profits from an associate	15	1,050	15,853
Distribution of profits from a joint venture		271	250
Repayment of loans from an associate		–	13,482
Loans to a joint venture		–	(2,079)
Repayment of loans from a joint venture		6,349	12,024
Purchase of investment securities		–	(13)
<b>Net cash generated from investing activities</b>		6,265	38,529

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		\$'000	\$'000
<b>Cash flows from financing activities</b>			
Proceeds from short term borrowings	28	1,764	1,063
Proceeds from long-term borrowings	28	9,612	–
Repayment of long-term borrowings	28	(1,573)	(1,515)
Repayment of lease liabilities	11	(1,158)	–
Repayment of finance leases	28	–	(443)
Dividends paid on ordinary shares	31	–	(1,934)
(Increase)/decrease in pledged deposits		(362)	480
Loans from non-controlling interests	28	3,230	–
<b>Net cash generated from/(used in) financing activities</b>		<b>11,513</b>	<b>(2,349)</b>
Net (decrease)/increase in cash and cash equivalents		(7,720)	26,210
Net effect of exchange rate changes on cash and cash equivalents		4	35
Cash and cash equivalents at beginning of the year		56,680	30,435
<b>Cash and cash equivalents at end of the year</b>	<b>25</b>	<b>48,964</b>	<b>56,680</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

BBR Holdings (S) Ltd (“the Company”) is a limited liability company, which is incorporated and domiciled in the Republic of Singapore and publicly traded on the mainboard of Singapore Exchange.

The registered office and principal place of business of the Company is located at 50 Changi South Street 1, BBR Building, Singapore 486126.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries, joint ventures and associates are set out in Notes 13, 14 and 15 respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position 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 a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“SGD” or “\$”) and all values are rounded to the nearest thousand (“\$’000”), except when otherwise indicated.

### 2.2 *Changes 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 periods beginning on or after 1 January 2019. Other than 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.

#### SFRS(I) 16 *Leases*

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.

#### Transition to SFRS(I) 16

The Group has lease contracts for various items of plant, machinery, vehicles and other 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 2.11.

The Group adopted SFRS(I) 16, which is effective for annual periods beginning on or after 1 January 2019. The changes arising from the adoption of SFRS(I) 16 have been applied using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

#### Transition to SFRS(I) 16 (cont'd)

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The Group has leases of certain office equipment (i.e. printing and photocopying machines) that are considered of low value.

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

	<b>Group</b>	<b>Company</b>
	\$'000	\$'000
	Increase/ (decrease)	Increase/ (decrease)
<b>Assets</b>		
Property, plant and equipment	(711)	–
Right-of-use assets	3,843	2,612
<b>Total assets</b>	<b>3,132</b>	<b>2,612</b>
<b>Liabilities</b>		
Lease liabilities (current)	767	490
Lease liabilities (non-current)	2,949	2,290
Loans and borrowings (current)	(132)	–
Loans and borrowings (non-current)	(221)	–
<b>Total liabilities</b>	<b>3,363</b>	<b>2,780</b>
<b>Total adjustment on equity:</b>		
Retained earnings	(230)	(168)
Non-controlling interests	(1)	–
	<b>(231)</b>	<b>(168)</b>

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 2.11. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Changes in accounting policies (cont'd)

#### Transition to SFRS(I) 16 (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 for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. 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 \$3,843,000 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of \$711,000 that were reclassified from property, plant and equipment.
- Finance lease liabilities included within loans and borrowings of \$353,000 were reclassified to lease liabilities and additional lease liabilities of \$3,363,000 were recognised.
- The net effect of these adjustments had been adjusted to retained earnings of \$230,000 and non-controlling interest of \$1,000.

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

	Group \$'000	Company \$'000
Operating lease commitment as at 31 December 2018	6,389	4,917
Less:		
Commitments relating to short-term leases	(803)	–
	5,586	4,917
Weighted average incremental borrowing rate as at 1 January 2019	4.7%	4.1%
Discounted operating lease commitments as at 1 January 2019	3,318	2,779
Add:		
Commitments relating to leases previously classified as finance leases	353	–
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	45	–
Lease liabilities as at 1 January 2019	3,716	2,779

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 3 <i>Definition of Business</i>	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 <i>Interest Rate Benchmark Reform</i>	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 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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

### 2.4 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (b) **Business combinations 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.

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 an asset or liability are 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.

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.

### 2.5 **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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Foreign currency

The Group's consolidated financial statements are presented in SGD, 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 reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

#### (b) **Consolidated financial statements**

For consolidation purposes, 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 weighted average exchange rates for the year. 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.

### 2.7 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.

### 2.8 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 *Joint arrangements (cont'd)*

#### (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 investments in joint ventures is set out in Note 2.9.

### 2.9 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or 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 represents 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 associate or joint venture's profit or loss in the period in which the investment is acquired.

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

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or make payments on behalf of the associate or 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 associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 *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 accumulated impairment losses.

Freehold land have unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold properties	8 to 42 years
Plant and equipment	1 to 25 years
Motor vehicles	5 years
Other assets	1 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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.

### 2.11 *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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Leases (cont'd)

#### Policy applicable from 1 January 2019 (cont'd)

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

###### *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, as follows:

Leasehold land	3 to 38 years
Leasehold building	1 to 5 years
Plant and equipment	5 years
Motor vehicles	5 years

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. Right-of-use assets are subject to impairment testing.

###### *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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Leases (cont'd)

#### Policy applicable from 1 January 2019 (cont'd)

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

*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 2.25.

#### 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**

The accounting policy applicable to the Company as lessor in the comparative period was the same as under SFRS(I) 16.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

### 2.13 *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.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Financial assets

#### Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes 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.

#### 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. Debt instruments carried at amortised cost comprise trade receivables, loans to an associate and a joint venture, amounts due from subsidiaries, other receivables, pledged deposits and cash and cash equivalents.

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 amortisation process.

##### *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.

##### *Derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

#### De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amount of cash and 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.

### 2.16 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.

The Group considers a financial asset in default when contractual payments are 90 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.

### 2.17 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.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 *Financial liabilities* (cont'd)

#### 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.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

#### 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.

### 2.18 *Development properties*

Development properties 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.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties 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.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

### 2.19 *Properties held for sale*

Properties held for sale are completed properties which are intended for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Costs capitalised include the purchase price of the properties or cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

### 2.20 *Inventories*

Inventories are stated at the lower of cost which is determined using the weighted average method and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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 estimate costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.22 *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 each 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 contracts

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.

### 2.23 *Employee benefits*

#### (a) **Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The state pension schemes for Singapore and Malaysia are Central Provident Fund and Employee Provident Fund respectively. 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 as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Employee benefits (cont'd)

#### (c) Performance share plan

Eligible employees of the Group may be granted performance share awards which will be released subject to the completion of service and achievement of prescribed performance targets. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted. The cost is recognised in the profit or loss, with a corresponding increase in equity.

### 2.24 Taxation

#### (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 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, associates 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.24 Taxation (cont'd)

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

Deferred tax assets are recognised for all deductible temporary differences, the 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, associates 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.

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 tax 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.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 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) **Construction contracts**

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 proportion of contract costs incurred to-date to the estimated total contract costs (input method).

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.

Costs incurred in fulfilling the contract which are within the scope of another SFRS(I) shall be accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will recognise these as contract assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a progressive payment schedule. If the value of the goods and services transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods and services transferred, a contract liability is recognised.

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Revenue (cont'd)

#### (a) **Construction contracts** (cont'd)

##### *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.

#### (b) **Sale of development properties under construction**

The Group develops and sells residential properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. 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.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Revenue (cont'd)

(c) **Sale of goods**

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

(d) **Interest income**

Interest income is recognised using the effective interest method.

(e) **Rental income**

Rental income arising from operating leases of commercial property sub-leases and the Group's plant and equipment rented is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

(g) **Management fees**

Management fees are recognised when services are rendered.

(h) **Leasing income from solar systems installations**

Revenue is recognised for electricity generated by solar panels and grid-connected systems installed over the lease period.

### 2.26 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.

### 2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if issued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.28 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 statement of financial position 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.

### 2.29 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 2.16 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.30 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 fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

## 3. SIGNIFICANT ACCOUNTING 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING ESTIMATES (CONT'D)

### 3.1 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.

#### (a) Revenue recognition on construction contracts

The Group recognises contract revenue over time by reference to the Group's progress towards completing the contract work. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs.

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. Additionally, management is required to evaluate adjustments to contract consideration due to variation works and key material price adjustments. When it is probable that the total contract costs will exceed the total contract consideration, a provision for onerous contracts is recognised immediately.

Significant judgements are used to estimate these total contract costs to complete and total contract consideration. In making these estimates, management has relied on the expertise of the project directors to determine the progress of the construction and also on past experience of completed projects.

The carrying amounts of contract assets and contract liabilities as well as revenue from construction contracts are disclosed in Note 4 Revenue.

#### (b) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade 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. 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 receivables and contract assets is disclosed in Note 35(a).

The carrying amount of trade receivables and contract assets as at 31 December 2019 were \$18,859,000 and \$42,109,000 (2018: \$10,021,000 and \$38,513,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE

	Group	
	2019	2018
	\$'000	\$'000
Revenue from contracts with customers	126,292	116,683
Other revenue:		
Management fee from an associate	94	61
Solar leasing income	1,419	1,304
	127,805	118,048

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

Segments	Specialised engineering		General construction		Green technology		Total revenue from contracts with customers	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Primary geographical markets</b>								
Singapore	36,816	44,065	31,685	27,161	2,356	198	70,857	71,424
Malaysia	49,063	43,886	–	–	–	–	49,063	43,886
Thailand	6,372	1,373	–	–	–	–	6,372	1,373
	92,251	89,324	31,685	27,161	2,356	198	126,292	116,683
<b>Timing of transfer of goods or services</b>								
At a point in time	2,500	455	125	88	46	46	2,671	589
Over time	89,751	88,869	31,560	27,073	2,310	152	123,621	116,094
	92,251	89,324	31,685	27,161	2,356	198	126,292	116,683

Revenue recognised at a point in time arose from the sale of goods.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE (CONT'D)

### (b) **Contract assets and contract liabilities**

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Receivables from contracts with customers	18,859	10,021
<b>Contract assets</b>		
<u>Current</u>		
Unbilled revenue	28,800	21,495
Retention receivables	7,115	9,629
Less: Provision for onerous contracts	(942)	(129)
	34,973	30,995
<u>Non-current</u>		
Retention receivables	7,136	7,518
<b>Total contract assets</b>	42,109	38,513
<b>Contract liabilities</b>		
Contract liabilities	14,108	15,125
Add: Provision for onerous contracts	1,458	880
<b>Total contract liabilities</b>	15,566	16,005

### (i) Contract assets

Unbilled revenue primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date for construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Retention receivables are non-interest bearing, unsecured and relate to construction contracts. Retention receivables are classified as current or non-current based on the contractual terms of the respective construction contracts.

The changes in contract assets are due to the differences between certified work completed and revenue recognised on the construction contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE (CONT'D)

### (b) **Contract assets and contract liabilities** (cont'd)

#### (ii) Contract liabilities

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

The significant changes in the contract liabilities during the year are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Revenue recognised from performance obligations satisfied in previous years due to changes in the estimated transaction price	496	205
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	14,629	14,863

#### (iii) Significant changes in provision for onerous contracts are explained as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Balance at 1 January	1,009	–
Charge to profit or loss	6,786	1,009
Utilisation	(5,395)	–
Balance at 31 December	2,400	1,009

### (c) **Transaction price allocated to remaining performance obligation**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	<b>Group</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2019</b>				
Specialised engineering	90,655	50,428	43,485	184,568
General construction	33,484	1,619	–	35,103
Green technology	8,001	421	–	8,422

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE (CONT'D)

(c) *Transaction price allocated to remaining performance obligation (cont'd)*

	Group			Total
	2019	2020	2021	
	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2018</b>				
Specialised engineering	60,860	41,334	35,089	137,283
General construction	52,922	11,231	–	64,153
Green technology	1,370	1,304	1,304	3,978

## 5. OTHER OPERATING INCOME

	Group	
	2019	2018
	\$'000	\$'000
Gain on disposal of property, plant and equipment	137	–
Training and testing fees	877	879
Rental income from:		
Premises	221	793
Equipment	20	14
Sale of scrap	125	19
Interest income from:		
Fixed deposits	558	338
Loans to a joint venture	296	668
Others	221	134
	2,455	2,845

## 6. FINANCE COSTS

	Group	
	2019	2018
	\$'000	\$'000
Interest expense on:		
Bank loans and bank overdrafts	3,023	2,536
Lease liabilities and finance lease liabilities	221	20
Loans from non-controlling interests	517	399
Accreted interest	223	227
	3,984	3,182

# NOTES TO THE FINANCIAL STATEMENTS

## 7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

	Note	Group	
		2019	2018
		\$'000	\$'000
Auditors of the Company:			
Audit fees		236	243
Non-audit fees		8	3
Depreciation of:			
Property, plant and equipment	10	5,231	6,005
Right-of-use assets	11	1,279	–
Impairment loss on goodwill	12	–	119
(Write-back)/impairment loss on properties held for sale	22	(302)	71
Inventories recognised as expenses in cost of sales	22	37,313	36,879
Write-back for inventories obsolescence	22	(11)	(46)
Fair value loss on derivative		130	1,040
Foreign exchange gain		(244)	(55)
Grant income from government authorities		(17)	(83)
Loss provision on financial assets:			
Trade receivables	18	1,572	373
Contract assets	18	3,401	349
Other receivables	23	–	124
Rental expenses in relation to:			
Premises		698	1,885
Equipment		14	12
Employee benefits	33	24,630	24,101

Loss provision on financial assets allocated by function are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Other operating costs	4,973	846

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
<b>Consolidated statement of comprehensive income</b>		
Current income tax:		
- Singapore	–	–
- Foreign	421	734
Under/(over) provision of income tax in respect of previous years	94	(147)
	515	587
Deferred income tax:		
Origination and reversal of temporary differences	(12)	(93)
Under provision of deferred tax in respect of previous years	90	22
	78	(71)
Income tax expense recognised in profit or loss	593	516

### Relationship between income tax expense and accounting loss

A reconciliation between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Loss before taxation	(13,632)	(4,658)
Tax at the domestic rates applicable to profits in the countries where the Group operates	(2,088)	(575)
Adjustments:		
Income not subject to tax	(66)	(100)
Under/(over) provision of income tax in respect of previous years	94	(147)
Under provision of deferred tax in respect of previous years	90	22
Benefits from previously unrecognised tax losses and capital allowances	(650)	(208)
Non-deductible expenses	1,668	1,611
Deferred tax assets not recognised	1,580	1,351
Share of results of associates and joint ventures	(35)	(1,438)
Income tax expense recognised in profit or loss	593	516

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

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INCOME TAX EXPENSE (CONT'D)

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses and capital allowances of \$3,824,000 (2018: \$1,037,000) to set off the assessable income of certain companies within the Group.

The Group has unutilised tax losses and capital allowances of approximately \$51,746,000 (2018: \$46,276,000) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and capital allowances are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses and capital allowances have no expiry date.

## 9. LOSS PER SHARE

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

The basic and diluted loss per share for the financial years ended 31 December 2019 and 2018 are the same as there were no potential dilutive ordinary shares in existence.

The following reflects the profit or loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Loss attributable to equity holders of the Company used in computation of basic and diluted loss per share	(12,822)	(3,363)
	<hr/>	<hr/>
	<b>No. of Shares</b>	<b>No. of Shares</b>
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	322,388,218	322,388,218
	<hr/>	<hr/>

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

As at the end of the financial year, there were no unissued shares of the Company under option.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and equipment	Freehold land	Leasehold properties	Motor vehicles	Other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
At 1 January 2018	50,566	1,786	22,756	5,117	4,323	84,548
Additions	633	139	–	585	119	1,476
Disposals	–	–	–	(328)	(11)	(339)
Translation adjustments	(5)	(1)	–	(2)	(1)	(9)
At 31 December 2018	51,194	1,924	22,756	5,372	4,430	85,676
Adoption of SFRS(I) 16	(286)	–	–	(1,091)	–	(1,377)
At 1 January 2019	50,908	1,924	22,756	4,281	4,430	84,299
Additions	631	759	–	117	156	1,663
Transfer from right-of-use assets (Note 11)	–	–	–	560	–	560
Disposals	(769)	–	–	(303)	–	(1,072)
Translation adjustments	(2)	(2)	–	4	(1)	(1)
At 31 December 2019	50,768	2,681	22,756	4,659	4,585	85,449
<b>Accumulated depreciation and impairment loss</b>						
At 1 January 2018	33,525	–	6,070	4,130	2,007	45,732
Depreciation charge	2,995	–	1,639	556	815	6,005
Disposals	–	–	–	(219)	(5)	(224)
Translation adjustments	(16)	–	–	(6)	(3)	(25)
At 31 December 2018	36,504	–	7,709	4,461	2,814	51,488
Adoption of SFRS(I) 16	(5)	–	–	(661)	–	(666)
At 1 January 2019	36,499	–	7,709	3,800	2,814	50,822
Depreciation charge	2,572	–	1,639	173	847	5,231
Transfer from right-of-use assets (Note 11)	–	–	–	555	–	555
Disposals	(753)	–	–	(198)	–	(951)
Translation adjustments	(22)	–	–	(1)	–	(23)
At 31 December 2019	38,296	–	9,348	4,329	3,661	55,634
<b>Net carrying amount</b>						
At 31 December 2018	14,690	1,924	15,047	911	1,616	34,188
At 31 December 2019	12,472	2,681	13,408	330	924	29,815

# NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Plant and equipment	Leasehold property	Motor vehicles	Other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
At 1 January 2018	73	22,756	453	2,064	25,346
Additions	–	–	–	69	69
At 31 December 2018 and 1 January 2019	73	22,756	453	2,133	25,415
Additions	–	–	–	32	32
At 31 December 2019	73	22,756	453	2,165	25,447
<b>Accumulated depreciation</b>					
At 1 January 2018	73	6,070	411	545	7,099
Depreciation charge	–	1,639	21	682	2,342
At 31 December 2018 and 1 January 2019	73	7,709	432	1,227	9,441
Depreciation charge	–	1,639	21	692	2,352
Balance at 31 December 2019	73	9,348	453	1,919	11,793
<b>Net carrying amount</b>					
At 31 December 2018	–	15,047	21	906	15,974
At 31 December 2019	–	13,408	–	246	13,654

### Transfer from right-of-use assets

The transfer represents assets that had been previously used under lease agreements and were transferred to the Group at the end of the lease term, now used as its own property, plant and equipment.

### Other assets

Other assets comprise furniture and fittings, office equipment, air-conditioners, computers and renovation works.

### Assets held under finance leases

During the financial year ended 31 December 2018, the Group acquired plant and equipment of \$582,000 by means of finance leases. The carrying amount of plant and equipment held under finance leases for the Group as at 31 December 2018 was \$711,000.

Leased assets were pledged as security for the related finance lease liabilities.

Property, plant and equipment held under finance lease was reclassified to right-of-use assets on 1 January 2019 upon adoption of SFRS(I) 16.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### *Impairment of assets*

No impairment loss on property, plant and equipment was recognised during the financial year ended 31 December 2019 and 2018.

### *Assets pledged as securities*

As at 31 December 2019, property, plant and equipment of the Group and the Company with carrying amount of \$23,196,000 (2018: \$24,166,000) and \$12,866,000 (2018: \$13,207,000), respectively were mortgaged as securities for the banking facilities.

## 11. LEASES

### **As lessee**

The Group has lease contracts for leasehold land and buildings, plant and equipment, and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets or leased assets pledged as security. The Group is restricted from assigning and subleasing the leased assets. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value.

### (a) **Carrying amounts of right-of-use assets**

<b>Group</b>	<b>Leasehold land</b>	<b>Leasehold buildings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
At 1 January 2019 (Adoption of SFRS(I) 16)	4,948	826	285	1,090	7,149
Additions	1,903	563	–	185	2,651
Transfer to property, plant and equipment (Note 10)	–	–	–	(560)	(560)
At 31 December 2019	6,851	1,389	285	715	9,240
<b>Accumulated depreciation</b>					
At 1 January 2019 (Adoption of SFRS(I) 16)	2,336	305	5	660	3,306
Depreciation charge	731	329	57	162	1,279
Transfer to property, plant and equipment (Note 10)	–	–	–	(555)	(555)
Translation adjustments	–	(4)	–	–	(4)
At 31 December 2019	3,067	630	62	267	4,026
<b>Net carrying amount</b>					
At 1 January 2019	2,612	521	280	430	3,843
At 31 December 2019	3,784	759	223	448	5,214

# NOTES TO THE FINANCIAL STATEMENTS

## 11. LEASES (CONT'D)

### As lessee (cont'd)

#### (a) Carrying amounts of right-of-use assets (cont'd)

Company	Leasehold land \$'000
<b>Cost</b>	
At 1 January 2019 (Adoption of SFRS(I) 16)	4,948
Addition	152
At 31 December 2019	<u>5,100</u>
<b>Accumulated depreciation</b>	
At 1 January 2019 (Adoption of SFRS(I) 16)	2,336
Depreciation change	585
At 31 December 2019	<u>2,921</u>
<b>Net carrying amount</b>	
At 1 January 2019	<u>2,612</u>
At 31 December 2019	<u>2,179</u>

#### (b) Lease liabilities

	Group 2019 \$'000	Company 2019 \$'000
Current	1,360	224
Non-current	3,865	2,066
	<u>5,225</u>	<u>2,290</u>

#### Reconciliation of liabilities arising from financing activities

A reconciliation of liabilities arising from financing activities is as follows:

	2018 \$'000	Cash flows \$'000	Non-cash items			2019 \$'000
			Accretion of interest \$'000	Adoption of SFRS(I) 16 \$'000	New leases \$'000	
Lease liabilities						
- Current	-	(1,158)	221	767	1,530	1,360
- Non-current	-	-	-	2,949	916	3,865
	<u>-</u>	<u>(1,158)</u>	<u>221</u>	<u>3,716</u>	<u>2,446</u>	<u>5,225</u>

The maturity analysis of lease liabilities is disclosed in Note 35(b).

# NOTES TO THE FINANCIAL STATEMENTS

## 11. LEASES (CONT'D)

### As lessee (cont'd)

#### (c) Amounts recognised in consolidated statement of comprehensive income

	2019
	\$'000
Depreciation of right-of-use assets	1,279
Interest expense on lease liabilities (Note 6)	221
Lease expense not capitalised in lease liabilities:	
Expenses relating to short-term leases (included in cost of sales and other operating expenses)	2,335
Expenses relating to leases of low value assets (included in administrative and other expenses)	14
	<hr/>

#### (d) Total cash outflow

The Group had total cash outflows for leases of \$1,158,000 in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of \$2,651,000 and \$2,446,000 respectively during the financial year ended 31 December 2019.

#### (e) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

#### (f) Variable lease payments that depend on an index or rate

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's posted rates with a 5.5% escalation cap annually.

### As lessor

The Group has entered into various non-cancellable lease commitments in respect of office premises and solar leasing projects for a period of up to 25 years. The leases have varying terms and renewal rights.

Operating lease income recognised in profit or loss during the year amounted to \$1,660,000 (2018: \$2,111,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 11. LEASES (CONT'D)

### As lessor (cont'd)

Future minimum lease receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,543	1,220	172	90
Later than one year but not later than five years	5,262	4,519	85	–
Later than five years	14,727	14,558	–	–
	<u>21,532</u>	<u>20,297</u>	<u>257</u>	<u>90</u>

## 12. INTANGIBLE ASSETS

	Group	
	2019	2018
	\$'000	\$'000
<b>Goodwill on consolidation</b>		
At 1 January	–	119
Impairment loss recognised during the year	–	(119)
At 31 December	<u>–</u>	<u>–</u>

Goodwill acquired through business combinations has been allocated to two cash-generating units ("CGU") identified, being general construction and prefabricated prefinished volumetric construction ("PPVC") for impairment testing.

During the financial year ended 31 December 2018, an impairment loss of \$119,000 attributable to general construction segment had been recognised in "Other operating costs" line item of profit or loss.

The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a three-year period. Management have considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and its expectation of market development. Terminal growth rate of 0% was used to extrapolate cash flow projections beyond the three-year period. The discount rate applied was assumed at 4.0% for value-in-use calculations, which was also the Group's weighted average cost of capital.

### Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for goodwill, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Unquoted shares, at cost *	94,504	89,187
Additional investment	943	5,317
	95,447	94,504
Impairment losses	(39,890)	(36,390)
Carrying amount	55,557	58,114

\* Includes \$109,000 which arose from performance shares of the Company granted in 2011 under the BBR Share Plan to the employees of the subsidiaries, for which the share based compensation expense had not been charged to the respective subsidiaries.

### (a) **Composition of the Group**

Details of subsidiaries at the end of the financial year are as follows:

<b>Name of company</b>	<b>Proportion of ownership interest</b>		<b>Country of incorporation</b>	<b>Cost of investment</b>		<b>Principal activities</b>
	<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>	
	%	%		\$'000	\$'000	
<b>Held by the Company</b>						
BBR Construction Systems Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	55,012	55,012	Structural engineering and design and build services
BBR Construction Systems (M) Sdn. Bhd. <sup>(2)</sup>	100	100	Malaysia	5,908	5,908	Structural engineering and design and build services and investment holding
BBR Development Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	1,000	1,000	Property development and investment holding
BBR Piling Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	3,825	3,825	Bored piling works
Singapore Engineering & Construction Pte. Ltd. <sup>(1)</sup> (Formerly known as Singapore Piling & Civil Engineering Private Limited)	100	100	Singapore	26,112	25,419	General building, civil and structural engineering, renovation and retrofitting and investment holding
BBR Greentech Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	950	700	System integration and distribution of renewable energy

# NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Proportion of ownership interest		Country of incorporation	Cost of investment		Principal activities
	2019	2018		2019	2018	
	%	%		\$'000	\$'000	
<b>Held by the Company (cont'd)</b>						
Moderna Homes Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	1,949	1,949	Design and assembly of prefabricated buildings
Siam-BBR Co., Ltd <sup>(3)</sup>	100	100	Thailand	432	432	Dormant
Siam BBR Systems Co., Ltd <sup>(4)</sup>	49	49	Thailand	133	133	Structural engineering and design and build services
Moderna Homes (HK) Limited <sup>(5)</sup>	100	100	Hong Kong	17	17	Design and assembly of prefabricated buildings
				95,338	94,395	

Name of company	Proportion of ownership interest		Country of incorporation	Principal activities
	2019	2018		
	%	%		
<b>Held by Singapore Engineering &amp; Construction Pte. Ltd.</b>				
Singa Development Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	Building contractors, project and contract managers for all kinds of building and civil engineering works
<b>Held by BBR Construction Systems (M) Sdn. Bhd.</b>				
Strengthened Soil Wall (M) Sdn. Bhd. <sup>(2)</sup> (Formerly known as SP Piling Sdn. Bhd.)	100	100	Malaysia	Building contractor
<b>Held by BBR Development Pte. Ltd.</b>				
BBR Property Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	Investment holding
BBR Kovan Pte. Ltd. <sup>(1)</sup>	100	100	Singapore	Property development
Alika Properties Pte. Ltd. <sup>(1)</sup>	62	62	Singapore	Property development

# NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Proportion of ownership interest		Country of incorporation	Principal activities
	2019	2018		
	%	%		
<b>Held by Moderna Homes Pte. Ltd.</b>				
BBR Modular Construction Sdn. Bhd. <sup>(2)</sup>	100	100	Malaysia	Assembly of prefabricated buildings
<b>Held by BBR Greentech Pte. Ltd.</b>				
Angels Medical Private Limited <sup>(1)</sup>	100	100	Singapore	Provision of healthcare products and services

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(2)</sup> Audited by member firms of EY Global in the respective countries.

<sup>(3)</sup> Audited by Audit Wise Co., Ltd.

<sup>(4)</sup> Audited by Samnangkan Professional Management Co. Ltd.

<sup>(5)</sup> Not required to be audited.

### (b) **Impairment losses on investments in subsidiaries**

Analysis of impairment losses on investments in subsidiaries are as follows:

	Company	
	2019	2018
	\$'000	\$'000
At 1 January	36,390	28,990
Charge to profit or loss	3,500	7,400
At 31 December	39,890	36,390

An impairment loss of \$3,500,000 (2018: \$7,400,000) was charged to profit or loss subsequent to an assessment performed on recoverable amount of the investments in subsidiaries at the end of the financial year.

The recoverable amounts of the subsidiaries have been determined based on value-in-use calculations using the cash flow projections from financial budgets approved by the management. The impairment loss of \$3,500,000 (2018: \$7,400,000) was derived based on cash flow projections for potential contracts and forecasted growth of the subsidiaries, pre-tax discount rate of 8.5% (2018: 4.0%) and a terminal growth rate of 0% (2018: 0%).

# NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### (c) *Interest in subsidiaries with material non-controlling interests ("NCI")*

The Group has the following subsidiary that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000
<b>31 December 2019</b>				
Alika Properties Pte. Ltd.	Singapore	38%	(1,562)	(2,814)
<b>31 December 2018</b>				
Alika Properties Pte. Ltd.	Singapore	38%	(1,589)	(1,252)

### *Summarised financial information about subsidiary with material NCI*

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

	Alika Properties Pte. Ltd.	
	2019 \$'000	2018 \$'000
<b>Summarised statement of financial position</b>		
Current assets	126,199	110,814
Current liabilities	(3,037)	(1,782)
Net current assets	123,162	109,032
Non-current liabilities	(130,567)	(112,326)
Net liabilities	(7,405)	(3,294)
<b>Summarised statement of comprehensive income</b>		
Revenue	–	–
Loss before taxation	(4,111)	(4,181)
Income tax expense	–	–
Loss for the year	(4,111)	(4,181)
Other comprehensive income for the year	–	–
Total comprehensive income for the year	(4,111)	(4,181)
<b>Other summarised information</b>		
Net cash flows used in operating activities	(17,493)	(112)
Net cash inflows generated from financing activities	18,112	–

# NOTES TO THE FINANCIAL STATEMENTS

## 14. INVESTMENTS IN JOINT VENTURES

	Group	
	2019	2018
	\$'000	\$'000
Unquoted shares, at cost	250	250
Share of post-acquisition reserves	10,181	10,590
Carrying amount	10,431	10,840

Details of joint ventures at the end of the financial year are as follows:

Name of company	Proportion of ownership interest		Country of incorporation	Principal activities
	2019	2018		
	%	%		
<b>Held by Singapore Engineering &amp; Construction Pte. Ltd.</b>				
Singapore Piling – Shincon JV <sup>(1)</sup>	51	51	Singapore	Design and construction of covered linkways
Singapore E&C – Shincon JV <sup>(1)(3)</sup>	50	–	Singapore	Provision of civil engineering and infrastructure works
<b>Held by BBR Property Pte. Ltd.</b>				
Northern Development Pte. Ltd. <sup>(2)</sup>	50	50	Singapore	Investment holding for property development
<b>Held by Northern Development Pte. Ltd.</b>				
NorthernOne Development Pte. Ltd. <sup>(2)</sup>	50.1	50.1	Singapore	Investment holding for property development
<b>Held by NorthernOne Development Pte. Ltd.</b>				
Northern Resi Pte. Ltd. <sup>(2)</sup>	100	100	Singapore	Residential property development
Northern Retail Pte. Ltd. <sup>(2)</sup>	100	100	Singapore	Commercial property development
Wisteria Mall Management Pte. Ltd. <sup>(2)</sup>	50	50	Singapore	Property management services

<sup>(1)</sup> An unincorporated partnership

<sup>(2)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(3)</sup> During the year, Singapore E&C – Shincon JV was set up for the purpose of Enhancement and Construction of Bus Stop Infrastructure project with Land Transport Authority.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. INVESTMENTS IN JOINT VENTURES (CONT'D)

The summarised financial information in respect of the significant joint venture, based on its SFRS(I) financial statements, and the reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

	<b>NorthernOne Development Pte. Ltd. and its subsidiaries</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	18,252	32,895
Current assets (other than cash and cash equivalents)	15,470	27,785
Non-current assets	227,227	228,489
<b>Total assets</b>	<b>260,949</b>	<b>289,169</b>
Current liabilities	16,303	15,018
Non-current liabilities	202,608	230,528
<b>Total liabilities</b>	<b>218,911</b>	<b>245,546</b>
<b>Net assets</b>	<b>42,038</b>	<b>43,623</b>
Proportion of the Group's ownership	25.05%	25.05%
<b>Carrying amount of the investment</b>	<b>10,531</b>	<b>10,928</b>
Carrying amount of other joint ventures	(100)	(88)
Carrying amount of investments in joint ventures	<b>10,431</b>	<b>10,840</b>
<b>Summarised statement of comprehensive income</b>		
Revenue	9,058	49,059
Cost of sales	(2,521)	(35,023)
Other income	368	56
Operating expenses	(638)	(5,917)
Interest income	232	142
Interest expense	(6,623)	(3,732)
Fair value (loss)/gain on investment property	(817)	29,840
Share of results of a joint venture	4	12
(Loss)/profit before taxation	(937)	34,437
Income tax expense	(648)	(880)
(Loss)/profit after tax for the year, representing total comprehensive income	<b>(1,585)</b>	<b>33,557</b>
Proportion of the Group's ownership	25.05%	25.05%
Group's share of (loss)/profit for the year, representing the Group's share of total comprehensive income for the year	<b>(397)</b>	<b>8,406</b>
Group's share of profit of other joint ventures, representing the Group's share of total comprehensive income for the year	259	193
Group's share of (loss)/profit of joint ventures, representing the Group's share of total comprehensive income for the year	<b>(138)</b>	<b>8,599</b>

Distribution of profits of \$271,000 (2018: \$250,000) were received from a joint venture during the financial year ended 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Lakehomes Pte. Ltd.	694	1,472	–	–
Other associates	1,055	983	260	260
	<u>1,749</u>	<u>2,455</u>	<u>260</u>	<u>260</u>

Details of associates at the end of the financial year are as follows:

Name of company	Proportion of ownership interest		Country of incorporation	Principal activities
	2019	2018		
	%	%		
<b>Held by the Company</b>				
BBR Philippines Corporation <sup>(1)</sup>	40	40	Philippines	Structural engineering
<b>Held by BBR Development Pte. Ltd.</b>				
Lakehomes Pte. Ltd. <sup>(2)</sup>	35	35	Singapore	Property development
Trendsteq Pte. Ltd. <sup>(2)</sup>	40	40	Singapore	Consultancy services

<sup>(1)</sup> Not required to be audited by the law of its country of incorporation

<sup>(2)</sup> Audited by Ernst & Young LLP, Singapore

The summarised financial information of the significant associate, based on its SFRS(I) financial statements, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Lakehomes Pte. Ltd.	
	2019	2018
	\$'000	\$'000
<b>Summarised statement of financial position</b>		
Current assets, representing total assets	3,262	19,007
Current liabilities, representing total liabilities	(1,280)	(14,802)
Net assets	<u>1,982</u>	<u>4,205</u>
Proportion of the Group's ownership	35.0%	35.0%
Group's share of net assets, representing carrying amount of significant associate	694	1,472
Carrying amount of other associates	1,055	983
Carrying amount of the investments in associates	<u>1,749</u>	<u>2,455</u>
<b>Summarised statement of comprehensive income</b>		
Revenue	(1,102)	3,220
Operating expenses	(105)	(125)
Profit after tax for the year, representing total comprehensive income	777	365
Group's share of profit	<u>272</u>	<u>128</u>
Group's share of profit/(loss) of other associates, representing the Group's share of total comprehensive income of other associates	72	(1)
Group's share of profit of associates for the year, representing the Group's share of total comprehensive income for the year	<u>344</u>	<u>127</u>

Dividends of \$1,050,000 (2018: \$15,853,000) were received from Lakehomes Pte. Ltd. during the financial year ended 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

## 16. INVESTMENT SECURITIES

	Group	
	2019	2018
	\$'000	\$'000
At fair value through profit or loss		
- Unquoted equity securities	–	–
- Quoted equity securities	8	8
	<u>8</u>	<u>8</u>

Unquoted equity securities relate to the following:

- (i) 33.3% (2018: 33.3%) equity interest in a Korean incorporated company, whose principal activities are those of the construction, operation and collection of tolls for expressway. This company was formed pursuant to a joint venture agreement between Singapore Engineering & Construction Pte. Ltd. ("Singapore Engineering"), a wholly-owned subsidiary of the Company, and two other consortium parties. As the Group does not exercise any significant influence over the financial and operating policy decisions of this Korean company, the equity interest has been accounted for as financial assets at fair value through profit or loss. In prior years, the Group recognised an impairment loss of \$2,981,000.
- (ii) 1% (2018: 1%) equity interest held via Singapore Engineering in Takenaka-Singapore Piling JV, an unincorporated and fully integrated jointly controlled entity in Singapore to undertake restoration works to the former Supreme Court and City Hall buildings. In prior years, the Group recognised an impairment loss of \$1,000,000.

Quoted equity securities relate to ordinary shares listed on Bursa Malaysia.

## 17. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 December relate to the following:

	Group			
	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Differences in depreciation for tax purposes	(315)	(237)	(78)	71
	<u>(315)</u>		<u>(78)</u>	

# NOTES TO THE FINANCIAL STATEMENTS

## 18. TRADE RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Contract receivables				
- External parties	21,713	11,209	-	-
- Related parties	-	97	-	-
Less: Allowance for expected credit losses	(2,854)	(1,285)	-	-
<b>Total trade receivables</b>	<b>18,859</b>	<b>10,021</b>	<b>-</b>	<b>-</b>
Add:				
- Loans to a joint venture (Note 19)	8,530	15,260	-	-
- Amounts due from subsidiaries (Note 20)	-	-	6,909	5,027
- Other receivables, excluding prepayments (Note 23)	2,018	1,467	90	223
- Pledged deposits (Note 25)	4,833	4,479	-	-
- Cash and cash equivalents (Note 25)	48,964	56,680	482	2,217
<b>Total financial assets carried at amortised cost</b>	<b>83,204</b>	<b>87,907</b>	<b>7,481</b>	<b>7,467</b>

Trade receivables are non-interest bearing, unsecured and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

### Expected credit losses

The movement in allowance for expected credit losses of trade receivables and contract assets computed based on lifetime ECL are as follows:

	Group	
	Trade receivables	Contract assets
	\$'000	\$'000
At 1 January 2018	916	232
Charge for the year	373	349
Exchange differences	(4)	(1)
At 31 December 2018 and 1 January 2019	1,285	580
Charge for the year	1,572	3,401
Exchange differences	(3)	(1)
At 31 December 2019	2,854	3,980

# NOTES TO THE FINANCIAL STATEMENTS

## 18. TRADE RECEIVABLES (CONT'D)

### *Trade receivables and payables subject to offsetting arrangements*

The Group's trade receivables and trade payables in the statement of financial position as at 31 December that can be subject to offsetting arrangements are as follows:

	Note	Gross carrying amounts \$'000	Gross amounts offset \$'000	Net amounts \$'000
<b>2019</b>				
Trade receivables - third party	a	1,887	(444)	1,443
Trade payables	b	2,705	(1,020)	1,685
<b>2018</b>				
Trade receivables - third party	a	225	(48)	177
Trade payables	b	1,061	(472)	589

- (a) The Group purchases construction raw materials from its customer for project purposes. The customer has an arrangement to settle the net amounts payable to the Group on a 60 days' term basis.
- (b) Suppliers are back charged for work performed on their behalf and purchased construction raw materials from the Group via a customer for project purposes. The Group has an arrangement to settle the net amounts payable to these suppliers on a 30 to 60 days' term basis.

## 19. LOANS TO A JOINT VENTURE

Loans to a joint venture of the Group, Northern Development Pte. Ltd., are non-trade, unsecured, interest bearing at an average interest rate of 2.6% (2018: 2.6%) per annum and are to be settled in cash. The purposes of the loans are to partially finance the land acquisition, development charges and construction costs of a property development project. The loans are not expected to be repaid within 12 months from the end of the reporting period.

There is no allowance for doubtful debts arising from these outstanding balances as the expected credit loss is not material.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Amounts due from subsidiaries	11,933	9,321
Less: Allowance for expected credit losses	(5,024)	(4,294)
	6,909	5,027
Amounts due to subsidiaries	(5,955)	(6,811)

The amounts due from/(to) subsidiaries are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash, except for \$799,000 (2018: Nil) of amounts due from subsidiaries that bear interest ranging from 5.4% to 6.7% (2018: Nil) per annum and \$3,400,000 (2018: \$3,400,000) of amounts due to subsidiaries that bear interest at an average interest rate of 3.5% (2018: 3.5%) per annum.

### *Expected credit losses*

The movement in allowance for expected credit losses of amounts due from subsidiaries computed based on lifetime ECL is as follows:

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
At 1 January	4,294	2,223
Charge for the year	730	2,071
At 31 December	5,024	4,294

## 21. DEVELOPMENT PROPERTY

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Development costs	120,053	105,363

On 21 September 2017, the Group acquired a mixed-use development known as the Goh & Goh Building situated in Singapore for the purpose of re-development. As at the end of the reporting period, re-development has not commenced. The freehold land under development has been pledged as security for a bank loan (Note 28).

Details of the Group's development property are as follows:

<b>Description and location</b>	<b>Proportion of ownership interest</b>		<b>Site area (square metre)</b>
	<b>2019</b>	<b>2018</b>	
	%	%	
Goh & Goh Building, located at Nos. 110 to 122 Upper Bukit Timah Road	62	62	2,868.3

# NOTES TO THE FINANCIAL STATEMENTS

## 22. PROPERTIES HELD FOR SALE AND INVENTORIES

	Group	
	2019	2018
	\$'000	\$'000
<b>Statement of financial position</b>		
Properties held for sale, at lower of cost and net realisable value	666	1,058
Construction materials, at lower of cost and net realisable value	7,031	8,640
<b>Statement of comprehensive income</b>		
Inventories recognised as expenses in cost of sales (Note 7)	37,313	36,879
Write-back for inventories obsolescence (Note 7)	(11)	(46)
(Write-back)/impairment loss on properties held for sale (Note 7)	(302)	71

## 23. OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deposits	968	520	14	15
Prepayments	1,936	87	–	–
Rental receivables	18	45	18	45
Amounts due from associates	340	424	15	120
Other receivables	816	602	43	43
	4,078	1,678	90	223
Less: Allowance for expected credit losses	(124)	(124)	–	–
	3,954	1,554	90	223

Amounts due from associates are non-trade, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

### Expected credit losses

The movement in allowance for expected credit losses of other receivables computed based on lifetime ECL is as follows:

	Group	
	2019	2018
	\$'000	\$'000
At 1 January	124	–
Charge for the year	–	124
At 31 December	124	124

# NOTES TO THE FINANCIAL STATEMENTS

## 24. DERIVATIVES

	Group					
	2019			2018		
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
		\$'000			\$'000	
<b>Non-current:</b>						
Interest rate swap	65,000	–	(1,206)	65,000	–	(1,076)
<b>Total derivatives</b>		–	(1,206)		–	(1,076)
Add:						
- Investment securities (Note 16)		8	–		8	–
<b>Total financial assets/(liabilities) carried at fair value through profit or loss</b>		8	(1,206)		8	(1,076)

The interest rate swap receives floating interest equal to SGD Swap Offer Rate and pays a fixed rate of interest of 2.35% per annum and matures on 23 November 2021.

The Group does not apply hedge accounting.

## 25. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	13,039	16,314	482	2,217
Fixed deposits	40,758	44,845	–	–
	<u>53,797</u>	<u>61,159</u>	<u>482</u>	<u>2,217</u>

Fixed deposits are mainly short-term deposits made for varying periods of varying terms, and bear interest ranging from 0.3% to 4.0% (2018: 0.3% to 5.0%) per annum.

As at 31 December 2019, the Group's cash at bank of \$198,000 (2018: \$202,000) are denominated in United States Dollar.

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 at bank and on hand	13,039	16,314
Fixed deposits	40,758	44,845
	<u>53,797</u>	<u>61,159</u>
Less: Deposits pledged with financial institutions	<u>(4,833)</u>	<u>(4,479)</u>
Cash and cash equivalents	<u>48,964</u>	<u>56,680</u>

Pledged fixed deposits include \$4,833,000 (2018: \$4,479,000) placed as security for banking facilities granted to a subsidiary by various banks.

# NOTES TO THE FINANCIAL STATEMENTS

## 26. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Non-current:</b>				
Retention payables	2,066	3,837	–	–
<b>Current:</b>				
Trade payables	33,068	21,600	121	93
Retention payables	4,814	4,213	–	–
Other payables	1,289	1,406	95	102
	39,171	27,219	216	195
<b>Total trade and other payables</b>	<b>41,237</b>	<b>31,056</b>	<b>216</b>	<b>195</b>
Add:				
- Amounts due to subsidiaries (Note 20)	–	–	5,955	6,811
- Other liabilities (Note 27)	3,576	3,775	1,613	735
- Lease liabilities (Note 11)	5,225	–	2,290	–
- Loans and borrowings (Note 28)	113,428	100,725	9,244	9,713
<b>Total financial liabilities carried at amortised cost</b>	<b>163,466</b>	<b>135,556</b>	<b>19,318</b>	<b>17,454</b>

### Retention payables

Retention payables to external parties are non-interest bearing, unsecured and relate to construction contracts. Retention payables are classified as current or non-current based on the contractual terms of the respective construction contracts.

### Trade payables

Trade payables to external parties are non-interest bearing and are generally on 30 to 90 days' terms.

Included in trade payables are the following amounts denominated in foreign currencies at 31 December:

	Group	
	2019	2018
	\$'000	\$'000
Hong Kong Dollar	–	26
United States Dollar	682	530

# NOTES TO THE FINANCIAL STATEMENTS

## 27. DEFERRED INCOME AND OTHER LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Deferred income:</b>				
Non-current	2,779	2,858	–	–
Current	180	174	–	–
	<u>2,959</u>	<u>3,032</u>	<u>–</u>	<u>–</u>
<b>Other liabilities:</b>				
Accrued operating expenses	2,597	2,870	1,394	449
Accrued staff costs	151	152	151	151
Deposits	353	241	27	94
Sundry creditors	475	512	41	41
	<u>3,576</u>	<u>3,775</u>	<u>1,613</u>	<u>735</u>

Deferred income of \$2,959,000 (2018: \$3,032,000) was in relation to an upfront payment received from a lessee, which will be amortised over the duration of 20 years in accordance with the solar leasing contract.

## 28. LOANS AND BORROWINGS

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Non-current:</b>				
Finance leases	–	221	–	–
Long term borrowings (secured)	90,508	82,474	8,767	9,241
Loans from non-controlling interests	18,506	15,276	–	–
	<u>109,014</u>	<u>97,971</u>	<u>8,767</u>	<u>9,241</u>
<b>Current:</b>				
Finance leases	–	132	–	–
Short term borrowings (unsecured)	2,833	1,046	–	–
Current portion of long term borrowings (secured)	1,581	1,576	477	472
	<u>4,414</u>	<u>2,754</u>	<u>477</u>	<u>472</u>
Total loans and borrowings	<u>113,428</u>	<u>100,725</u>	<u>9,244</u>	<u>9,713</u>

The Group has undrawn loans guarantee, foreign exchange and interest rate derivatives facilities of \$149,600,000 (2018: \$222,700,000) that may be available in the future for operating activities, settling capital commitments and issuing of guarantees. There is no restriction for the Group to use these facilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. LOANS AND BORROWINGS (CONT'D)

### Finance leases

As at 31 December 2018, the Group has finance leases for certain items of plant and equipment and motor vehicles.

Finance leases were secured by charges over plant and equipment and motor vehicles (Note 10). The discount rate implicit in the leases ranged from 4.6% to 6.3% per annum.

	2018	
	Minimum lease payments	Present value of payments
	\$'000	\$'000
<b>Group</b>		
Not later than one year	147	132
Later than one year but not later than five years	241	221
Total minimum lease payments	388	353
Less: Amounts representing finance charges	(35)	–
Present value of minimum lease payments	353	353

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact on the adoption is disclosed in Note 2.2.

### Long term borrowings (secured)

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Non-current:</b>				
Term loan 1	8,766	9,241	8,767	9,241
Term loan 2	1,078	2,183	–	–
Term loan 3	80,664	71,050	–	–
	90,508	82,474	8,767	9,241
<b>Current:</b>				
Term loan 1	477	472	477	472
Term loan 2	1,104	1,104	–	–
	1,581	1,576	477	472
Total long term borrowings	92,089	84,050	9,244	9,713

#### Term loan 1

Term loan 1 is a Singapore dollar denominated loan of \$11,120,000 secured in 2015 to finance the purchase of leasehold land and building at 50 Changi South Street 1 Singapore 486126. The loan is repayable over 240 monthly instalments commencing on 9 October 2015.

The average interest rate was 2.7% (2018: 3.4%) per annum and the loan is secured by the leasehold premises with a carrying amount of \$12,866,000 (2018: \$13,207,000) (Note 10).

# NOTES TO THE FINANCIAL STATEMENTS

## 28. LOANS AND BORROWINGS (CONT'D)

### Long term borrowings (secured) (cont'd)

#### Term loan 2

Term loan 2 is a Singapore dollar denominated loan of up to \$9,600,000 secured in 2014 to finance the construction of solar leasing infrastructure and installations on the rooftops of HDB flats. In 2016, a lump sum of \$3,185,000 was repaid and the remaining loan will be paid in monthly fixed instalments up to 30 June 2021.

The average interest rate was 4.0% (2018: 3.5%) per annum and the loan is secured by an assignment and first fixed charge of the leasing contract and solar leasing equipment with a carrying value of \$10,330,000 (2018: \$10,959,000) (Note 10) and a corporate guarantee from the Company.

#### Term loan 3

Term loan 3 consists of Singapore dollar denominated land loan of \$71,050,000 secured in 2017 and development charge loan of \$9,614,000 secured in 2019 to finance the acquisition and development of a property comprising a 4-storey mixed-use development known as the Goh & Goh Building situated in Singapore.

The average interest rate for land loan was 3.0% (2018: 2.5%) per annum and the loan is secured by the freehold land (Note 21). The average interest for development charge loan was 2.8% during the financial year ended 31 December 2019.

### Loans from non-controlling interests

Loans from non-controlling interests are non-trade, unsecured, interest bearing at an average interest rate of 3.0% (2018: 2.6%) per annum and are to be settled in cash. The purposes of the loans are to partially finance the land acquisition and development charges of a property development project undertaken by Alika Properties Pte. Ltd., a subsidiary of the Company. The loans are not expected to be repaid within 12 months from the end of the reporting period.

### Multicurrency Medium Term Note

The Group has established \$200 million Multicurrency Medium Term Note programme ("MTN") on 13 November 2014. The net proceeds arising from the issue of the notes under the MTN programme will be used for general corporate purposes, including financing investments, general working capital and capital expenditure.

There was no drawdown of the notes under the MTN programme since it was established.

### Reconciliation of liabilities arising from financing activities

A reconciliation of liabilities arising from financing activities is as follows:

	2018	Cash flows	Non-cash item Others	2019
	\$'000	\$'000	\$'000	\$'000
Finance leases				
- Non-current	221	-	(221)	-
- Current	132	-	(132)	-
Long term borrowings				
- Non-current	82,474	9,612	(1,578)	90,508
- Current	1,576	(1,573)	1,578	1,581
Short term borrowings				
- Current	1,046	1,764	23	2,833
Loans from non-controlling interest				
- Non-current	15,276	3,230	-	18,506
	100,725	13,033	(330)	113,428

# NOTES TO THE FINANCIAL STATEMENTS

## 28. LOANS AND BORROWINGS (CONT'D)

### Reconciliation of liabilities arising from financing activities (cont'd)

	2017	Cash flows	Non-cash items			2018
			Acquisitions	Accretion of interest	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Finance leases						
- Non-current	87	-	582	16	(464)	221
- Current	107	(443)	-	4	464	132
Long term borrowings						
- Non-current	84,065	-	-	-	(1,591)	82,474
- Current	1,500	(1,515)	-	-	1,591	1,576
Short term borrowings						
- Current	-	1,063	-	-	(17)	1,046
Loans from non-controlling interest						
- Non-current	15,276	-	-	-	-	15,276
	101,035	(895)	582	20	(17)	100,725

The 'others' column relates to reclassification of finance leases to lease liabilities, reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time and foreign exchange movements.

## 29. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid ordinary shares:</b>				
At 1 January and 31 December	324,710	49,082	324,710	49,082

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. TREASURY SHARES

	Group and Company			
	2019		2018	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January and 31 December	(2,322)	(566)	(2,322)	(566)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company did not acquire any treasury shares during the financial years ended 31 December 2019 and 2018.

## 31. DIVIDENDS

	Group and Company	
	2019 \$'000	2018 \$'000
<b>Declared and paid during the financial year:</b>		
<i>Dividends on ordinary shares:</i>		
First and final (tax exempt one-tier) dividend for 2018 of Nil cents (2017: 0.4 cents) per ordinary share	–	1,289
Special (tax exempt one-tier) dividend for 2018 of Nil cents (2017: 0.2 cents) per ordinary share	–	645
	–	1,934

There were no dividends on ordinary shares being proposed for 2019 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## 32. COMMITMENTS AND CONTINGENCIES

### (a) *Operating lease commitments – as lessee*

As at 31 December 2018, the Group has entered into various non-cancellable lease commitments in respect of equipment and land with lease period of up to 42 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. Certain renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$1,897,000.

Future minimum lease payments payable under non-cancellable operating leases for the financial year ended 31 December 2018 are as follows:

	<b>Group 2018</b>	<b>Company 2018</b>
	\$'000	\$'000
Not later than one year	1,546	595
Later than one year but not later than five years	1,047	639
Later than five years	3,796	3,683
	<u>6,389</u>	<u>4,917</u>

As at 31 December 2019, the Group has no lease contracts that have not yet commenced.

### (b) *Contingent liabilities*

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Corporate guarantees given to banks for credit and guarantee facilities utilised	<u>32,359</u>	<u>38,022</u>

The Company provided corporate guarantees to banks as securities for credit and guarantee facilities granted to subsidiaries.

## 33. EMPLOYEE BENEFITS

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Employee benefits expense (including executive directors)		
- Salaries and bonuses	20,629	19,957
- Central Provident Fund	2,773	3,053
- Others	1,228	1,091
	<u>24,630</u>	<u>24,101</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 34. RELATED PARTY TRANSACTIONS

### (a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place at terms agreed between the parties during the financial year:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
From an associate:		
Accounting services income	(82)	(96)
Recovery of license and other fees paid to a related party	(85)	(84)
Management fees income	(94)	(61)
From joint ventures:		
Construction revenue	(5,067)	(21,127)
Accounting services income	(102)	(102)
Interest income on loans	(251)	(668)
Loans to a joint venture	–	2,079
Repayment of loans from a joint venture	(6,349)	(12,024)
License and other fees to a related party	405	398
Purchases from a related party	2,465	1,547
Service income from a related party	–	(8)
Rental expense paid to a director of the Company	91	92
Professional fees to a firm in which a director has an interest	–	30

### (b) *Compensation of key management personnel*

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Short-term employee benefits	2,642	2,375
Central Provident Fund	136	130
	<u>2,778</u>	<u>2,505</u>
Comprise amounts paid/payable to:		
- Directors of the Company	1,222	1,182
- Other key management personnel	1,556	1,323
	<u>2,778</u>	<u>2,505</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are 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. It is, and has been the Group's policy throughout the current and previous financial year, that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these 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 and loans to a joint venture. For other financial assets (including cash and fixed deposits), the Group and the Company minimise credit risk by dealing 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.

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.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) **Credit risk** (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

### (i) **Debt securities and loans at amortised cost**

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision	Basis for calculating interest revenue
Grade I	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses	Gross carrying amount
Grade II	There is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses	Gross carrying amount
Grade III	Interest and/or principal repayments are 60 days past due.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) **Credit risk** (cont'd)

#### (i) **Debt securities and loans at amortised cost** (cont'd)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The gross carrying amount of debt securities and loans at amortised cost, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is as follows:

		Group		Company	
		2019	2018	2019	2018
		\$'000	\$'000	\$ '000	\$ '000
12-month ECL	Debt securities at amortised cost	3,954	1,554	90	223
Lifetime ECL	Debt securities at amortised cost	124	124	–	–
12-month ECL	Loans at amortised cost	8,530	15,260	6,653	1,547
Lifetime ECL	Loans at amortised cost	–	–	5,280	7,774
		12,608	16,938	12,023	9,544

The movement in allowance for expected credit losses of debt securities and loans at amortised cost are as disclosed in Note 20 and Note 23.

#### (ii) **Trade receivables and contract assets**

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The provision rates also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) **Credit risk** (cont'd)

(ii) **Trade receivables and contract assets** (cont'd)

Summarised below is information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geographical region:

	Contract assets \$'000	Current \$'000	Within 30 days \$'000	Past due		Total \$'000
				More than 30 to 90 days \$'000	More than 90 days \$'000	
<b>Singapore:</b>						
<b>31 December 2019</b>						
Gross carrying amount	22,353	7,186	1,146	172	628	31,485
Loss allowance provision	47	–	2	3	62	114
<b>31 December 2018</b>						
Gross carrying amount	19,142	3,705	1,086	–	42	23,975
Loss allowance provision	40	–	3	–	5	48
<b>Other geographical areas:</b>						
<b>31 December 2019</b>						
Gross carrying amount	20,149	6,049	1,284	1,074	1,589	30,145
Loss allowance provision	346	–	3	34	165	548
<b>31 December 2018</b>						
Gross carrying amount	19,692	1,468	2,144	247	1,533	25,084
Loss allowance provision	281	–	11	8	177	477

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) **Credit risk** (cont'd)

(ii) **Trade receivables and contract assets** (cont'd)

As at 31 December 2019 and 2018, management has identified a group of debtors to be credit impaired as they experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix above.

	2019		2018	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Group	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	2,585	3,587	1,081	259
Loss allowance provision	(2,585)	(3,587)	(1,081)	(259)
Carrying amount	–	–	–	–

### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### 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 statement of financial position.

### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2019		2018	
	\$'000	% of total	\$'000	% of total
By country:				
Singapore	9,064	48	4,826	48
Malaysia	7,795	41	4,952	50
Thailand	2,000	11	243	2
	18,859	100	10,021	100

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK 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 monitors its liquidity risk and maintains adequate liquid financial assets and stand-by credit facilities with different banks to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

<b>Group</b>	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>After 5 years</b>	<b>Total</b>
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>				
Loans to a joint venture	–	9,119	–	9,119
Trade receivables	18,859	–	–	18,859
Other receivables, excluding prepayments	2,018	–	–	2,018
Pledged deposits	4,833	–	–	4,833
Cash and cash equivalents	48,964	–	–	48,964
Total undiscounted financial assets	74,674	9,119	–	83,793
<b>Financial liabilities:</b>				
Trade and other payables	39,171	2,066	–	41,237
Other liabilities	3,576	–	–	3,576
Derivatives	622	606	–	1,228
Lease liabilities	1,575	2,341	3,597	7,513
Loans and borrowings	7,560	106,821	8,922	123,303
Total undiscounted financial liabilities	52,504	111,834	12,519	176,857
Total net undiscounted financial assets/ (liabilities)	22,170	(102,715)	(12,519)	(93,064)

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) *Liquidity risk* (cont'd)

<b>Group</b>	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>After 5 years</b>	<b>Total</b>
<b>2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>				
Loans to a joint venture	–	16,501	–	16,501
Trade receivables	10,021	–	–	10,021
Other receivables, excluding prepayments	1,467	–	–	1,467
Pledged deposits	4,479	–	–	4,479
Cash and cash equivalents	56,680	–	–	56,680
Total undiscounted financial assets	72,647	16,501	–	89,148
<b>Financial liabilities:</b>				
Trade and other payables	27,219	3,837	–	31,056
Other liabilities	3,775	–	–	3,775
Finance leases	147	241	–	388
Derivatives	360	732	–	1,092
Loans and borrowings	5,646	99,260	10,712	115,618
Total undiscounted financial liabilities	37,147	104,070	10,712	151,929
Total net undiscounted financial assets/ (liabilities)	35,500	(87,569)	(10,712)	(62,781)

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) *Liquidity risk* (cont'd)

Company	Within 1 year	1 - 5 years	After 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>2019</b>				
<b>Financial assets:</b>				
Amounts due from subsidiaries	6,909	–	–	6,909
Other receivables	90	–	–	90
Cash and cash equivalents	482	–	–	482
Total undiscounted financial assets	7,481	–	–	7,481
<b>Financial liabilities:</b>				
Amounts due to subsidiaries	5,955	–	–	5,955
Trade and other payables	216	–	–	216
Other liabilities	1,613	–	–	1,613
Lease liabilities	304	437	3,573	4,314
Loans and borrowings	723	4,427	8,922	14,072
Total undiscounted financial liabilities	8,811	4,864	12,495	26,170
Total net undiscounted financial liabilities	(1,330)	(4,864)	(12,495)	(18,689)
<b>2018</b>				
<b>Financial assets:</b>				
Amounts due from subsidiaries	5,027	–	–	5,027
Other receivables	223	–	–	223
Cash and cash equivalents	2,217	–	–	2,217
Total undiscounted financial assets	7,467	–	–	7,467
<b>Financial liabilities:</b>				
Amounts due to subsidiaries	6,811	–	–	6,811
Trade and other payables	195	–	–	195
Other liabilities	735	–	–	735
Loans and borrowings	720	3,339	10,712	14,771
Total undiscounted financial liabilities	8,461	3,339	10,712	22,512
Total net undiscounted financial liabilities	(994)	(3,339)	(10,712)	(15,045)

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) **Liquidity risk** (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called. The Group does not provide financial guarantees for external parties.

Company	Within 1 year \$'000	1 - 5 years \$'000	After 5 years \$'000	Total \$'000
<b>2019</b>				
Financial guarantees	17,709	14,650	–	32,359
<b>2018</b>				
Financial guarantees	26,376	11,128	518	38,022

### (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. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings.

The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

At the end of the reporting period, after taking into account the effect of an interest rate swap, approximately 68% (2018: 65%) of the Group's borrowings are at fixed rates of interest.

#### Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 10% (2018: 10%) lower/higher with all other variables held constant, the Group's loss before taxation would have been \$50,000 (2018: \$56,000) 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 currency risk**

The Group has transactional currency exposures arising from its ordinary course of business that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Malaysian Ringgit (Ringgit). The foreign currency in which these transactions are denominated is mainly the United States Dollar ("USD"). As at 31 December 2019, trade payables denominated in USD is \$682,000 (2018: \$530,000) (Note 26).

The Group also holds cash at bank denominated in foreign currencies for working capital purposes. Such foreign currency balances for the Group are detailed in Note 25.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant:

	Group	
	2019 \$'000	2018 \$'000
USD - strengthened 5% (2018: 5%)	(24)	(16)
USD - weakened 5% (2018: 5%)	24	16

# NOTES TO THE FINANCIAL STATEMENTS

## 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 December 2019 and 2018. There is no external capital requirement imposed by a regulator or a prudential supervisor.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, other liabilities, lease liabilities and loans and borrowings, less cash and bank balances. Capital includes equity attributable to the equity holders of the Company.

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Trade and other payables (Note 26)	41,237	31,056
Other liabilities (Note 27)	3,576	3,775
Lease liabilities (Note 11)	5,225	–
Loans and borrowings (Note 28)	113,428	100,725
Less: Cash and bank balances (Note 25)	(53,797)	(61,159)
<i>Net debt</i>	109,669	74,397
Equity attributable to the owners of the Company, representing total capital	121,309	134,566
<b>Capital and net debt</b>	230,978	208,963
<b>Gearing ratio</b>	47%	36%

## 37. FAIR VALUES OF FINANCIAL INSTRUMENTS

### (a) **Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## 37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

### (c) **Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

#### *Derivatives*

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

### (d) **Level 3 fair value measurements**

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value \$'000	Valuation techniques	Unobservable inputs
<b>31 December 2019 and 2018</b>			
<b>Recurring fair value measurements</b>			
<i>At fair value through profit or loss</i>			
Unquoted equity securities (Note 16)	–	Income approach	Dividend yield: Nil %

### (e) **Assets and liabilities not measured at fair value, for which fair value is disclosed**

#### Non-current trade payables (Note 26)

The carrying amounts of these financial liabilities are reasonable approximation of fair values estimated by discounting expected future cash flows, at the market rate of interest as at 31 December 2019 and 2018.

#### Current trade and other receivables and payables (Notes 18, 23 and 26), other liabilities (Note 27), cash and cash equivalents and pledged deposits (Note 25) and amounts due from/(to) subsidiaries (Note 20)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

#### Non-current loans to a joint venture (Note 19) and loans and borrowings (Note 28)

The carrying amount of these financial instruments are reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements as at 31 December 2019 and 2018. These are based on significant unobservable inputs (level 2).

# NOTES TO THE FINANCIAL STATEMENTS

## 38. SEGMENT INFORMATION

### **Business information**

For management purposes, the Group has four reportable segments organised based on their products and services as follows:

#### *Specialised engineering*

This segment is in the business of post-tensioning, installation of stay cable systems for structural engineering applications, piling and foundation systems, heavy lifting, bridge design and construction, maintenance, strengthening, retrofitting and prefabricated pre-finished volumetric construction systems.

#### *General construction*

This segment is in the business of design and build, general building construction, civil and structural engineering construction, and conservation and restoration of buildings.

#### *Property development*

This segment is in the business of property development, focusing on developing residential properties and mixed developments, and the provision of property management and consultancy services.

#### *Green technology*

This segment is in the business of system integration and distribution of renewable energy, and supply, installation and leasing of solar panels and grid connected systems.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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 operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 38. SEGMENT INFORMATION (CONT'D)

### Business information (cont'd)

Inter-segment transfers of revenue and expenses include transfers between business segments and are eliminated on consolidation. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

#### (a) Analysis by business segment

	Specialised engineering	General construction	Property development	Green technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2019</b>					
<b>Revenue</b>					
External revenue	92,251	31,685	–	3,775	127,711
Inter-segment revenue	8,889	300	–	251	9,440
Total revenue	101,140	31,985	–	4,026	137,151
<b>Results:</b>					
Interest income	289	73	492	–	854
Interest expense	383	107	3,041	111	3,642
Depreciation of property, plant and equipment	1,600	645	1	634	2,880
Depreciation of right-of-use assets	694	–	–	–	694
Share of results of associates	72	–	272	–	344
Share of results of joint ventures	–	259	(397)	–	(138)
<b>Other non-cash items:</b>					
Write back allowance for inventories obsolescence	(11)	–	–	–	(11)
Write back for impairment loss on properties held for sale	(302)	–	–	–	(302)
Amortisation of deferred income	–	–	–	(174)	(174)
Accreted interest	116	107	–	–	223
Fair value loss on derivative	–	–	130	–	130
Loss provision on trade receivables and contract assets	4,973	–	–	–	4,973
Segment (loss)/profit before taxation	(2,432)	(4,414)	(2,554)	336	(9,064)
Income tax expense/(credit)	606	–	(13)	–	593
<b>Assets</b>					
Investments in associates	954	–	795	–	1,749
Additions to property, plant and equipment	1,516	99	3	12	1,630
<b>Segment assets</b>	84,434	21,435	166,225	13,699	285,793
<b>Segment liabilities</b>	41,977	23,590	101,897	3,623	171,087

# NOTES TO THE FINANCIAL STATEMENTS

## 38. SEGMENT INFORMATION (CONT'D)

### (a) Analysis by business segment (cont'd)

	Specialised engineering \$'000	General construction \$'000	Property development \$'000	Green technology \$'000	Total \$'000
<b>31 December 2018</b>					
<b>Revenue</b>					
External revenue	89,324	27,161	–	1,502	117,987
Inter-segment revenue	2,057	–	–	125	2,182
Total revenue	91,381	27,161	–	1,627	120,169
<b>Results:</b>					
Interest income	146	63	793	–	1,002
Interest expense	164	109	2,446	133	2,852
Depreciation of property, plant and equipment	2,351	678	–	633	3,662
Share of results of associates	(1)	–	128	–	127
Share of results of joint ventures	–	193	8,406	–	8,599
<b>Other non-cash items:</b>					
Write back allowance for inventories obsolescence	(46)	–	–	–	(46)
Impairment loss on property held for sale	71	–	–	–	71
Impairment loss on goodwill	–	119	–	–	119
Amortisation of deferred income	–	–	–	(174)	(174)
Accreted interest	118	–	–	109	227
Fair value (gain)/loss on derivative	(36)	–	1,076	–	1,040
Fair value loss on investment securities	4	–	–	–	4
Loss provision on trade receivables, contract assets and other receivables	846	–	–	–	846
Segment (loss)/profit before taxation	(3,548)	(2,517)	5,451	(10)	(624)
Income tax expense/(credit)	617	–	(101)	–	516
<b>Assets</b>					
Investments in associates	882	–	1,573	–	2,455
Additions to property, plant and equipment	1,370	22	–	14	1,406
<b>Segment assets</b>	64,809	29,016	165,485	11,372	270,682
<b>Segment liabilities</b>	25,807	27,437	88,786	3,249	145,279

# NOTES TO THE FINANCIAL STATEMENTS

## 38. SEGMENT INFORMATION (CONT'D)

### (a) *Analysis by business segment (cont'd)*

#### Reconciliations of reported segment revenue, loss before taxation, and other material items

	2019	2018
	\$'000	\$'000
<b>Revenue</b>		
Total revenue for reportable segments	137,151	120,169
Management fee from an associate	94	61
Elimination of intersegment revenue	(9,440)	(2,182)
	127,805	118,048

#### Loss before taxation

Total loss before taxation for reportable segments	(9,064)	(624)
Management fee from an associate	94	61
Unallocated amounts:		
Other corporate income	1,949	2,387
Other corporate expenses	(6,611)	(6,482)
	(13,632)	(4,658)

#### Reconciliations of reported segment assets and liabilities

##### Assets

Total assets for reportable segments	285,793	270,682
Other unallocated amounts	16,423	18,431
	302,216	289,113

##### Liabilities

Total liabilities for reportable segments	171,087	145,279
Other unallocated amounts	12,611	10,648
	183,698	155,927

# NOTES TO THE FINANCIAL STATEMENTS

## 38. SEGMENT INFORMATION (CONT'D)

### (a) Analysis by business segment (cont'd)

Other material items	2019			2018		
	Reportable segment totals	Adjustments	Entity totals	Reportable segment totals	Adjustments	Entity totals
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	854	–	854	1,002	4	1,006
Interest expense	3,642	119	3,761	2,852	103	2,955
Write back for inventories obsolescence	(11)	–	(11)	(46)	–	(46)
(Write back)/ impairment loss on properties held for sale	(302)	–	(302)	71	–	71
Impairment loss on goodwill	–	–	–	119	–	119
Accreted interest	223	–	223	227	–	227
Fair value loss on derivative	130	–	130	1,040	–	1,040
Depreciation of property, plant and equipment	2,880	2,351	5,231	3,662	2,343	6,005
Depreciation of right-of-use assets	694	585	1,279	–	–	–
Loss provision on trade receivables, contract assets and other receivables	4,973	–	4,973	846	–	846
Additions to property, plant and equipment	1,630	33	1,663	1,406	70	1,476
Income tax expense	593	–	593	516	–	516

### (b) Analysis by geographical segment

Countries	Revenue		Non-current assets	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore	72,370	72,789	52,791	63,282
Malaysia	49,063	43,886	9,033	6,245
Thailand	6,372	1,373	719	376
Others	–	–	332	358
	127,805	118,048	62,875	70,261

#### Information about a major customer

Revenue from one major customer amounted to \$13,828,000 (2018: \$21,127,000) arising from general construction works.

# NOTES TO THE FINANCIAL STATEMENTS

## 39. SUBSEQUENT EVENT

Subsequent to the year ended 31 December 2019, the Coronavirus Disease ("COVID-19") has spread rapidly worldwide. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. These measures and policies have to a certain extent, caused concerns on the supply of construction materials and the performance of the Group's subcontractors. The lockdown of Malaysia in March 2020 has also affected the business operations of the Group's subsidiaries in Malaysia as well as the Prefabricated Prefinished Volumetric Construction ("PPVC") business in Singapore. This may affect the financial performance of the Group's construction segments and the carrying value of the investment property held by a joint venture after the reporting period. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture.

## 40. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 26 March 2020.

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

The Directors and management of BBR Holdings (S) Ltd (the “Company”) are committed to maintaining a high standard of corporate governance to protect the interests of shareholders as well as strengthen investors’ confidence. The Company confirms that it has adhered to the principles and guidelines of the Code of Corporate Governance 2018 (“2018 Code”) for the financial year ended 31 December 2019. Deviations from the 2018 Code, if any, have been explained appropriately in this report.

## BOARD MATTERS

### The Board’s Conduct of Affairs

**Principle 1: The Company is headed by an effective Board which is collectively responsible, and works with Management, for the long-term success of the company.**

The Board of Directors comprises seven directors and two alternate directors, namely:

Executive	:	Mr. Tan Kheng Hwee Andrew Mr. Voon Yok Lin Mr. Voon Chet Chie (alternate to Mr. Voon Yok Lin)
Non-Executive	:	Mr. Bruno Sergio Valsangiacomo Mr. Marcel Poser Mr. Romano William Fanconi (alternate to Mr. Marcel Poser)
Independent	:	Prof. Yong Kwet Yew Ms. Luk Ka Lai Carrie Mr. Soh Gim Teik

The Board has overall responsibility for the long-term success of the Company and its value creation. Apart from its statutory responsibilities, the Board is responsible for overseeing and supervising the management and corporate affairs of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. All Directors have objectively discharged their fiduciaries duties and responsibilities in every circumstance in the best interests of the Company and hold management accountable for performance.

The principal functions of the Board are:

- set the strategic direction of the Group and ensure the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls so as to safeguard the shareholders’ interests and the Company’s assets;
- review and approve financial reports of the Group including its quarterly and full year financial results announcements;
- review and assess the adequacy and effectiveness of the Group’s internal controls, including financial, operational, compliance and information controls, the effectiveness of its internal audit, risk management and compliance functions, and the adequacy of the resources allocated to these functions;
- identify key stakeholder groups and set the values and standards so as to ensure that obligations to these stakeholders and shareholders are met;
- consider sustainability issues, e.g. environmental and social factors, as part of its strategic formation;
- to approve annual plan and budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate and financial restructuring, material acquisitions and disposal of assets, convening of shareholders’ meetings, review and approve interested person transactions, recommend dividend payments, and share buybacks, where applicable;
- review and ensure that the appropriate policies and practices on corporate governance are in place;
- review and monitor Group policies and practices in compliance with legal and regulatory requirements;
- assess annually the effectiveness of the Board and the Board Committee, and contributions of each director;
- oversee the design and operation of the Company’s remuneration policy and compensation framework; and
- develop a succession plan for directors and key management personnel of the Company, including the CEO, through the Nominating Committee.

# CORPORATE GOVERNANCE

Under the terms of reference of the Board of Directors, a Director shall avoid any conflict of interest to the fullest extent possible, and declare any actual and potential conflicts of interest. He/she should not vote on any matter in which he/she has any direct or indirect interest and should recuse himself/herself from the portion of the meeting where there is a potential conflict. In addition, his/her presence should not be counted towards the quorum of any meeting for any resolution where he/she is recused or refrained from voting.

The Group has in place a Code of Conduct and all employees are to demonstrate integrity and professionalism in the workplace. All staff are also required to declare any conflict of interest that he/she may have with the Group.

Every new Director will receive appropriate induction and in-depth briefings by senior management on the Group's structure, business units, operations, and policies when he/she is first appointed to the Board. This is to ensure that each incoming Director is familiar with the Company's business and governance practice.

Upon appointment of each director, the Company will provide a formal letter to the director, setting out the director's duties and obligations.

During the year, the Directors were kept informed of and updated on the following:

- developments in accounting standards and code of corporate governance;
- Group strategies and industry trends and developments in the construction and property development; and
- relevant new legislation, regulations and changing commercial risks.

The updates and briefings were facilitated via attendance at conferences and seminars conducted by The Singapore Exchange Securities Trading Limited ("SGX-ST"), other external trainers, circulation of memoranda by Ernst & Young LLP, company secretary, and the Company, including briefings at Board and committee meetings.

Directors are encouraged to attend training courses and conferences conducted by professional organisations or institutions to keep abreast of changes in laws, regulations and financial reporting standards, at the Company's expense.

The approval of the Board is required for certain material transactions, which include the following:

- policy or strategic matters affecting the Group;
- major investment proposals or divestitures;
- reorganisation or substantial transactions which have a material impact on the Group;
- periodic announcements of financial results and annual reports;
- declaration of dividends to shareholders;
- approve the organisational structure of the Company and its key management positions;
- the compensation packages and incentive payment structure for key management positions in consultation with the Remuneration Committee;
- share buyback;
- recommendations for any issuance of shares and subdivision of shares;
- awards under the BBR Share Plan;
- borrowing of funds;
- provision of any corporate guarantees by the Company; and
- any change to the terms of reference of any Board Committees.

All the directors have objectively discharged their duties and responsibilities in every circumstance as fiduciaries in the interests of the Company. To facilitate effective management, the Board has delegated the authority to make certain decisions to the various Board Committees, namely the Audit Committee, Remuneration Committee, Nominating Committee, BBR Share Plan Committee, Investment Committee, and Risk Management Committee. The effectiveness of each Board Committee is also closely monitored. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, it has not abdicated its ultimate responsibilities. The composition of each Board Committee, the terms of reference for the respective Board Committees and their activities are disclosed in the following paragraphs.

# CORPORATE GOVERNANCE

Board and Board Committee meetings have been held regularly and as required by the particular circumstances in each financial year. The Company's Constitution has provided for meetings of Directors and Board Committees to be conducted by means of telephone and video-conference and other methods of simultaneous communication by electronic, telegraphic or other similar means, where applicable, by which the foreign directors who reside overseas could participate in the meetings. Where appropriate, decisions may be taken by way of Directors' circulating resolutions in writing.

The number of meetings held in 2019 and the attendance of each Board member at these meetings was as follows:

Name of Director	Board	Audit Committee	Remuneration Committee	Nominating Committee
<b>Number of meetings held</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>
<b>Number of meetings attended:</b>				
Mr. Tan Kheng Hwee Andrew	4	4*	1*	N.A.
Mr. Voon Yok Lin/Voon Chet Chie	4	N.A.	N.A.	N.A.
Mr. Bruno Sergio Valsangiacomo	2	N.A.	1	N.A.
Mr. Marcel Poser/Romano William Fanconi	4	N.A.	N.A.	N.A.
Prof. Yong Kwet Yew	4	4	1	1
Ms. Luk Ka Lai Carrie	4	4	1	1
Mr. Soh Gim Teik	4	4	N.A.	1

\* Attendance by invitation

The Nominating Committee has considered each Director's other board representations and principal commitments and is satisfied that each Director is able to carry out and has been adequately carrying out their duties as a Director of the Company and that each Director has given sufficient time and attention to the affairs of the Company and the Group.

The Nominating Committee also determined that each Director has attended and actively participated in the discussions and deliberations of the Board and, where they hold Board Committee membership, of the Board Committees.

Management assists in the preparation of the formal papers for the Board and Board Committee meetings and such papers are circulated in advance of the meetings so as to provide complete, adequate and timely information prior to the meetings. The Management makes available to the Board quarterly management accounts, including explanations for variances between projected and actual results, annual budget reports, and yearly review of business segments and prospects.

In between Board meetings, the Board receives updates on important matters affecting the business from the CEO. The CEO is always available to answer questions from the Directors. In order to ensure that the Board is able to fulfil its responsibilities, the Management is required to provide timely information on matters that require the Board's decision and reports on material operational and financial matters of the Group on an on-going basis. The Directors also have unrestricted access to the Company's records and information.

Management is invited to attend relevant discussions at Board and Board Committee meetings, where applicable, to address any queries which the Board may have. The Board has separate and independent access to the management, the company secretary and internal and external auditors on all matters whenever they deem necessary.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, as a group or individually, may seek independent professional advice as and when necessary at the Company's expense. The appointment of such independent professional advisory is subject to approval by the Board.

The role of the company secretary is defined and includes responsibility for ensuring that board procedures are followed and that relevant statutes, applicable rules and regulations are complied with. The company secretary or a representative from the company secretary's office attends all meetings of the Board and Board Committees as well as general meetings. The Board decides on the appointment and removal of the company secretary.

# CORPORATE GOVERNANCE

## BOARD COMPOSITION AND GUIDANCE

*Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

The Company endeavours to maintain a strong and independent element on the Board. The Board comprises five Non-Executive Directors and two Executive Directors with Non-Executive Directors making up a majority of the Board. There are three Independent Directors in the Board including the Chairman of the Board and Independent Directors make up at least one-third of the Board.

The independence of each Independent Director is reviewed annually by the Nominating Committee.

The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in conduct, character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

During the financial year ended 31 December 2019, the Company has adopted guidelines set out in the 2018 Code in determining independence of directors. An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

The Nominating Committee and the Board have confirmed the independence of the Company's Independent Directors taking into consideration the following:

- (a) none of the Independent Directors was employed by the company or any of its related corporations for the current or any of the past three (3) financial years; and
- (b) none of the Independent Directors have an immediate family member who is, or has been in any of the past three (3) financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee.

The Nominating Committee is tasked to determine on an annual basis and, as and when the circumstances require, whether or not a Director is independent, bearing in mind the guidelines set out in the Codes of Corporate Governance and any other salient factors which would render a Director to be deemed not independent.

The Board recognises that Independent Directors may over time develop significant insights into the Group's business and operations, and can continue to objectively provide significant and valuable contribution to the Board as a whole. Where there are such Directors serving as an Independent Director for more than nine (9) years, the Board will conduct a rigorous review of their continuing contribution and independence.

The Nominating Committee takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of tenure. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the management in the interests of the Company and other stakeholders as he/she performs his/her duties in good faith, are more critical measures in ascertaining a Director's independence than the number of years served on the Board.

During its review, the Nominating Committee (saved for Prof. Yong Kwet Yew) considered and noted that, notwithstanding that Prof. Yong Kwet Yew has served more than nine (9) years, Prof. Yong's independence as a Director is not affected as he continues to demonstrate his independent leadership and guidance through active participation and objective questioning on matters discussed during the Board and Committee meetings and has led discussions and offered independent views on critical areas of the Group's business and governance issues, for example:

- (a) Key management succession – identifying key management personnel, including CEO's succession.
- (b) Strategic development / long term strategy or plan of the industry, which can be a different perspective from that of the CEO.
- (c) Business landscape review and the way forward – views which may not, at the first instance, necessarily, be the same as the CEO's; and
- (d) Liaising with the Non-Executive Directors and representing the majority shareholders on many issues and each time displayed his independence from them in these discussions.

# CORPORATE GOVERNANCE

Prof Yong, had on a number of occasions gave independent and valuable feedbacks pertaining to the risk profile of projects which the management were keen to pursue, thus providing important counter-checks for the management. Prof. Yong knows the Group's business and industry very well as he is a reputable professional in the engineering and construction field. He provides excellent advice on the Group's businesses and corporate governance due to his vast experience in other organization and government agencies. As Chairman of the Board, he engages well with shareholders at annual general meetings.

During its review, the Nominating Committee (saved for Ms. Luk Ka Lai Carrie) considered that Ms. Luk Ka Lai Carrie has continuously exercised independent judgement for the benefits of the Company and all stakeholders. She is always aware of her responsibilities towards all the shareholders, stakeholders and has always acted in the best interests of the stakeholders and the Company. She is an effective Audit Committee Chairperson who is very knowledgeable in finance, accounting and governance matters and has many years of working experience relating to the business aspects of the construction and engineering industry. She had independently enquired on key control issues, offered critical insights and independent views during the Board and Committee meetings.

The following selective examples demonstrate her independence:

- (a) As AC chairperson, she had independently enquired on key control issues on several occasions and advised the CEO and CFO to address the issues.
- (b) She has offered critical insight to risks in investment proposed by the CEO which includes property development and acquisition of companies, and in a few instances, she requested the CEO to improve the terms of joint venture agreement before final approval, sometimes after a few iterations.
- (c) Key management succession – offered important independent views on suitability of candidates for leadership succession and key management personnel including CEO's succession.
- (d) She has offered independent views on long term strategy or plan of the Company.

During its review, the Nominating Committee (saved for Mr. Soh Gim Teik) considered and noted that he has exercised sound independent business judgement and highlighted potential issues on investment terms and provides comments on internal control issues and areas where improvements are needed. He is very knowledgeable in finance, accounting and governance matters. He had demonstrated a high level of independence in discharging his duties, for example,

- (a) As chairman of the Investment Committee, he had highlighted to the CEO on potential issues of certain joint venture terms.
- (b) At the Audit Committee meeting and Board meeting, he does not hesitate to comment on internal control issues which require improvement.
- (c) He has offered independent views on long term strategy or plan of the Company.

The Independent Directors communicate regularly to discuss issues such as the Group's financial performance, corporate governance initiatives, board processes as well as succession planning and leadership development.

Each Independent Director is required to complete a Director's Independence Declaration annually to confirm his/her independence based on the guidelines as set out in the Code of Corporate Governance. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code of Corporate Governance.

Based on the declaration and review by the Nominating Committee, all the three (3) Independent Directors have no business relationship with the Company and the Group and have not been directly or indirectly interested in the shares of the Company and the Group. In situations where there may be a potential conflict of interest or lack of impartiality, the respective Independent Directors will recuse themselves completely.

# CORPORATE GOVERNANCE

The Nominating Committee and the Board concur that all the three (3) Independent Directors are independent notwithstanding the length of tenure of their service as they have demonstrated independence in the conduct, character and judgement, through, inter alia, their contributions to Board discussions and deliberations and the ability and preparedness to exercise independent business judgement and/or decisions with a view to the best interest of the Company, without undue reliance, influence or consideration of the Company's interested parties such as the CEO, the other non-independent directors, controlling shareholders and/or their associates. They have demonstrated strong independent conduct, character, and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders and other stakeholders. In addition, they have expressed individual viewpoints, debated issues and objectively scrutinized and challenged management. They have sought clarification and amplification as they deemed necessary, including through direct access to the management. The Board is of the view that the Independent Directors have over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. The Board will nevertheless on a continual basis, review the need for progressive refreshing of its Board.

After taking into account these factors, the views of the Nominating Committee and having weighed the need for Board's refreshment against tenure, the Board has considered and determined that Prof. Yong Kwet Yew, Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik continue to be regarded as Independent Directors of the Company, notwithstanding that they have served on the Board beyond nine years.

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance its performance and has adopted a Board Diversity Policy. The Company believes that diversity is an important attribute of a well-functioning and effective Board and will enhance the decision-making of the Board by utilising the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the Board. All director appointments will be based on merit, having due regards to the overall balance and effectiveness of the Board.

The Board has evaluated its size, composition and skills of its members to ensure an appropriate balance and diversity of skills, experience and knowledge.

The Board comprises members possess a wealth of experience ranging from accounting and finance, engineering, industry knowledge, management and strategic planning who, as a group, provide core competencies necessary to meet the demands facing the Company and the industry and provide leadership of the Company. Key information regarding the directors is set out under the section entitled "Board of Directors" in this Annual Report.

The Board is satisfied that the current size of the Board is appropriate for effective decision-making, given the size, scope and nature of the operations of the Company. It will continue to review the size and composition of the Board for effectiveness.

During Board and Board Committee meetings, our Non-Executive Directors have participated constructively in the mapping of strategic plans and reviewed critically the performance of the Chief Executive Officer ("CEO") and management in meeting goals and objectives. They have informal meetings without the presence of the CEO and management to discuss the performance of the Company and the Group.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The clear division of responsibilities between the Independent Chairman and the Chief Executive Officer ensures a proper balance of power and authority of the Group.

Prof. Yong Kwet Yew has been the Chairman of the Board since 28 April 2008.

The Chairman's role includes the following:

- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- preparing agendas for meetings in consultation with the CEO;

# CORPORATE GOVERNANCE

- exercise control over quality, quantity and timeliness of the flow of information between management and the Board;
- assist in ensuring compliance with Company's guidelines on corporate governance;
- facilitating the effective contribution of the non-executive directors;
- ensuring effective communication with shareholders;
- encourage constructive relations within the Board and between the Board and Management; and
- promote high standards of corporate governance.

Mr. Tan Kheng Hwee Andrew, the Group CEO, and Mr. Voon Yok Lin are Executive Directors of the Company. Together with the management, they are responsible for the daily operations and administration of the Group.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any unfettered powers of decision-making that may compromise accountability and independent decision-making as all decisions and policy changes are conducted through the respective Board Committees, which are chaired by Independent Directors.

The Company has not appointed a lead independent director because the Chairman and the CEO are separate persons and they are not family members. The Chairman is also an Independent Director who is not part of the management team.

## BOARD MEMBERSHIP

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The Nominating Committee ("NC") comprises three Independent Directors, namely:

Prof. Yong Kwet Yew - Chairman  
Ms. Luk Ka Lai Carrie  
Mr. Soh Gim Teik

The NC was established for the purpose of ensuring that there is a formal and transparent process for all board appointments.

The terms of reference of the NC are:

- To review the structure, size and composition of the Board and Board Committees;
- To review the succession plans for the Board Chairman, Directors, CEO and other senior management;
- To consider, at the request of the Board or the Chairman, all appointments to the Board and upon the appointment of a new director, provide a formal appointment letter to the director, setting out the duties and obligations as a director;
- To provide advice and recommendations to the Board and the Chairman on renomination of directors to the Board having regard to the director's contribution and performance, for example, attendance, preparedness, participation and candour including, if applicable, as an independent director;
- To determine annually, or whenever necessary during the year, whether or not a director is independent, bearing in mind the circumstances set forth in the 2018 Code and any other salient factors;
- To develop a transparent process for evaluating the performance of the Board and the contributions from the Directors on a year to year basis; and
- To review the training and professional development programmes for the Board.

### Selection, appointment and re-appointment of directors

In the search for new directors, the NC will identify the key attributes that an incoming director should have based on the requirements of the Group, its nature of business, attributes of the existing Board members and Board diversity. After the Board has endorsed the key attributes, the search for potential candidates begin by first tapping on existing directors' personal contacts and recommendations of business associates, followed by a shortlisting process by the NC. The NC interviews the shortlisted candidates, before making recommendations for further interview or approval by the Board. Should a controlling shareholder nominates a candidate as a non-executive and non-independent director, the NC will perform an independent assessment as to whether he/she has the appropriate attributes to be a director of a listed company prior to approval by the Board.

# CORPORATE GOVERNANCE

In re-appointment of directors as and when their tenure of appointment is due, the NC evaluates several criteria, including qualifications and independence of the director, and his/her contribution and performance to the effectiveness of the Board.

With respect to the re-nomination and re-election of Directors, all Directors of the Company are subject to re-nomination and re-election at regular intervals and at least once every three years.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold.

After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group taking into consideration their attendance and active participation at Board meetings, and other activities besides Board meetings.

Details of the appointment of Directors, including date of initial appointment, date of last re-election, listed company directorships for both current and for the preceding three years, and principal appointments, are set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Appointments <sup>(4)</sup>
Mr. Tan Kheng Hwee Andrew	01/04/1994	29/04/2019	-	Rhapsody - Owner Engineering 2000 - Partner
Mr. Voon Yok Lin	21/06/2017	23/04/2018	-	Voon Yok Lin Holdings Sdn Bhd - Director
Mr. Bruno Sergio Valsangiacomo	11/02/1997	29/04/2019	ITI Holdings SA <sup>(3)</sup>	<p><u>Switzerland</u> FFC Fincoord Finance Coordinators Ltd. - Chairman Proceq SA - Chairman FFC Fincoord Holding AG - Chairman Stahlton AG - Vice-Chairman BBR Holding AG - Chairman Tectus SA - Chairman Stahlton Bauteile AG - Vice-Chairman Virtually Live (Switzerland) GmbH - Director Brain Forum - Board member Vesalius (Switzerland) GmbH - Board member Marquard Media Group AG - Board member</p> <p><u>United Kingdom</u> Virtually Live Holding (UK) Ltd. - Board member Vesalius Holding Ltd. - Board member</p> <p><u>Gibraltar</u> Oximesa Holdings Ltd. - Director</p> <p><u>British Virgin Islands</u> Voco Ltd. - Director</p> <p><u>Singapore</u> Screening Eagle Dreamlab Pte Ltd - Board member</p>
Mr. Marcel Poser	24/04/2015	23/04/2018	-	<p><u>Switzerland</u> Proceq SA - Executive CO-Chairman Vektor AG - Chairman BBR VT International Ltd - Chairman GEHAG Real Estate AG - Chairman Tectus SA - CEO / Director BBR Holding AG - Director</p> <p><u>United States</u> Proceq USA Inc. - Director</p> <p><u>Singapore</u> Proseq Asia Pte Ltd - Director Screening Eagle Dreamlab Pte Ltd - Director</p>

# CORPORATE GOVERNANCE

Name of Director	Date of First Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Appointments <sup>(4)</sup>
Prof. Yong Kwet Yew	19/08/1997	29/04/2019	Tritech Group Limited, Boustead Projects Limited	National University of Singapore – Professor and Sr Vice President
Ms. Luk Ka Lai Carrie	24/09/1997	21/04/2017	Tiong Woon Corporation Holding Ltd	Carrie Cheong & Ethel Low Consulting Pte Ltd – Director / CEO Carrie Cheong & Associates – Sole-proprietor
Mr. Soh Gim Teik	08/08/2008	23/04/2018	Wilmar International Limited, KS Energy Limited, QAF Limited <sup>(3)</sup> , UMS Holdings Limited <sup>(3)</sup>	Farrer Park Hospital Pte. Ltd. – Chairman/ Director The Farrer Park Company Pte. Ltd. - Director Singapore Institute of Directors – Non-Executive Director EDBI Pte Ltd – Non-Executive Director National Healthcare Group Pte Ltd - Director Shanling Investments Pte Ltd - Director Singapore Clinical Research Institute Pte Ltd - Director Science Centre Board – Deputy Chairman/ Director Old Rafflesians' Association – Council member Finix Corporate Advisory LLP - Partner
Mr. Romano William Fanconi <sup>(1)</sup>	24/04/2015	-	-	<u>Switzerland</u> FFC Fincoord Finance Coordinators Ltd. – Managing Partner FFC Fincoord Holding AG – Board member Tectus S.A. – Board member Proceq S.A. – Board member BBR Holding A.G. – Board member BBR VT International Ltd – Board member GEHAG Real Estate AG – Board member Vektor AG – Vice Chairman ITI Services AG – Board member Virtually Live (Switzerland) GmbH - Director NeuroPro AG – Board member  <u>United States</u> Proceq US Inc. - Director  <u>United Kingdom</u> Virtually Live Holding Ltd. - Director  <u>China</u> Proceq Trading (Shanghai) Co. Ltd. - Supervisor  <u>Canada</u> Contessa Development Inc. – Board member  <u>Island</u> Icelandic Water Holdings hf. – Board member  <u>Singapore</u> Proceq Asia Pte Ltd - Director
Mr. Voon Chet Chie <sup>(2)</sup>	21/06/2017	-	-	Voon Yok Lin Holdings Sdn Bhd - Director

<sup>(1)</sup> Alternate director to Mr. Marcel Poser

<sup>(2)</sup> Alternate director to Mr. Voon Yok Lin

<sup>(3)</sup> Past directorships in the preceding three years

<sup>(4)</sup> Principal appointments includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships, and involvement in non-profit organisations.

# CORPORATE GOVERNANCE

All retiring directors are subject to an assessment by their peers and NC on factors such as level of participation and effectiveness in meetings, depth of industry experience and business knowledge. Based on the assessment collated, the NC would recommend re-election of the retiring directors at each annual general meeting.

In accordance with Regulation 111 of the Constitution of the Company, the following Directors are due to retire at the Annual General Meeting ("AGM"):

Ms. Luk Ka Lai Carrie  
Mr. Marcel Poser  
Mr. Voon Yok Lin

The NC has recommended Ms. Luk Ka Lai Carrie, Mr. Marcel Poser and Mr. Voon Yok Lin (saved for Ms. Luk Ka Lai Carrie who has abstained from the evaluation and voting of her own nomination) for re-election as Directors of the Company at the AGM. In making its recommendations, the NC evaluates their contributions and performance at the Board, board committees, participation and any special contributions.

If re-elected at the AGM, Ms. Luk Ka Lai Carrie, being an Independent Director, will remain as the Chairperson of the Audit Committee, and a member of the Remuneration Committee, Nominating Committee and Investment Committee.

If re-elected at the AGM, Mr. Marcel Poser will remain as a Non-Executive Director of the Company.

If re-elected at the AGM, Mr. Voon Yok Lin will remain as an Executive Director of the Company.

## Alternate Directors

Mr. Marcel Poser has appointed Mr. Romano William Fanconi as his alternate director on 24 April 2015 to facilitate full board attendance and representation by the controlling shareholder, BBR Holding AG, Switzerland at each Board meeting. Mr. Marcel Poser is a foreign Non-Executive Director and his alternate shall attend Board meetings should he be unable to do so. Mr. Romano William Fanconi was appointed after the NC and the Board had reviewed and concluded that he would similarly have qualified as a Non-Executive Director. He bears all the duties and responsibilities of a director.

Mr. Romano William Fanconi's appointment as alternate director to Mr. Marcel Poser shall continue should Mr. Marcel Poser being re-elected as a Non-Executive Director of the Company at the forthcoming AGM.

Similarly, Mr. Voon Yok Lin has appointed his son, Mr. Voon Chet Chie as his alternate director on 21 June 2017 to facilitate board attendance at each board meeting. Mr. Voon Yok Lin is a foreign Executive Director and his alternate shall attend Board meetings should he be unable to do so. Mr. Voon Chet Chie has building and construction experience in both public and private sectors in Malaysia and is currently the Manager for Special Task in the Malaysia subsidiary, BBR Construction Systems (M) Sdn. Bhd. With his qualification, experience and the industry knowledge that he possesses, the NC and the Board had approved his appointment as an alternate director.

Mr. Voon Chet Chie's appointment as alternate director to Mr. Voon Yok Lin shall continue should Mr. Voon Yok Lin being re-elected as an Executive Director of the Company at the forthcoming AGM

The NC is responsible for reviewing the independence of each Director on an annual basis. The details of the review conducted is set out under Principle 2 of this report.

## **BOARD PERFORMANCE**

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

An annual board evaluation process has been implemented by the NC for assessing the effectiveness of the Board as a whole and that of each of its Board Committees, as well as the contribution by the Chairman and each individual director to the Board. The assessment parameters which had been approved by the Board include, among other things, Board's composition, performance, process and procedures, risk management and internal controls, individual director's competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience, leadership and communication skills and customer-based experience or knowledge, contributions to the Board and long-term strategies of the Company. Changes, if any, to the assessment parameters are justified by the Board.

# CORPORATE GOVERNANCE

Based on the evaluation for 2019, the NC is satisfied that the Directors have shown commitment and devoted sufficient time in discharging their responsibilities adequately towards the Group, notwithstanding that some of the Board members have multiple board representations. Since multiple board representations do not hinder them from carrying out their duties as Directors of the Company, the Board has not set a maximum limit on the number of listed companies' board representations for its Directors.

No external consultant has been engaged to facilitate the annual board evaluation process. The Company Secretary facilitated the evaluation without engaging an external consultant.

The Board and the NC strive to ensure that Directors on the Board possess the experience and knowledge that are critical to the Group's business, and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

The Remuneration Committee ("RC") comprises three Non-Executive Directors, with two of its members, including the Chairman, being Independent Directors. They are:

Prof. Yong Kwet Yew - Chairman  
Mr. Bruno Sergio Valsangiacomo  
Ms. Luk Ka Lai Carrie

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No director is involved in deciding his own remuneration.

The duties and responsibilities of the RC include, among others:

- review and recommend to the board a framework of remuneration for the Board and key management personnel ("KMP");
- review the specific remuneration packages for each director and the CEO (or executive of equivalent rank if the CEO is not a director) as well as KMP. Remuneration includes, but not limited to director fees, salaries, allowances, bonus, options, share-based incentives and benefits in kind;
- review all aspects of remuneration, including the termination clause of the service contracts of the CEO and KMP to ensure that it is fair and reasonable and not overly generous; and
- review and recommend salary adjustments and bonuses of the CEO and KMP at each year-end.

Recommendations from the RC are submitted to the entire Board for endorsement.

The RC deems unnecessary to seek expert advice on remuneration to Directors. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry.

The Board has reviewed the composition of the RC which comprises entirely Non-Executive Directors to minimise the risk of any potential conflict of interest. Although Mr. Bruno Sergio Valsangiacomo, a member of the RC, is deemed to be a substantial shareholder of the Company, the Board is of the view that the risk for any potential conflict is minimal.

## LEVEL AND MIX OF REMUNERATION

*Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

The remuneration structure of the CEO and key executives comprises fixed and variable compensation components. The fixed compensation consists of basic salary and fixed allowances, and variable compensation, in the form of bonus and performance shares. The variable compensation is approved by the RC upon the achievement of individual and corporate performance conditions which are aligned with the interests of shareholders and other stakeholders and promotes long-term success of the Company and the Group.

# CORPORATE GOVERNANCE

The Company has established a long-term incentive scheme via the BBR Share Plan, to retain employees whose contributions are important to the well-being and prosperity of the Company and the Group and give due recognition to these outstanding employees. Performance share awards granted are vested, subject to the satisfaction of specific performance conditions of the Company, the Group and individual service condition on the vesting dates over a period of time.

No personnel is entitled to termination, retirement and post-employment benefits. The Company has not structured any contractual provisions in employee appointment letters to reclaim incentive components of remuneration in exceptional circumstances of misstatements of financial results or misconduct resulting in financial loss to the Company. If such events were to occur, it shall avail itself to existing legal remedies to recover excessive incentives paid.

The Independent Directors and Non-Executive Directors are paid directors' fees only, the value of which has taken into consideration the effort, time spent, scope and extent of responsibilities and benchmarked against market expectations. Accordingly, the RC views that directors' fees of the Non-Executive Directors are not over-compensated. The yearly fees are recommended by the RC, endorsed by the Board and will be subject to approval by members of the Company at annual general meetings. Travelling and accommodation expenses of overseas Non-Executive Directors to board and general meetings in Singapore are reimbursed by the Company.

The RC determined that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship to the Company and KMP to successfully manage the Company for the long term.

## DISCLOSURE ON REMUNERATION

*Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

### Directors of the Company

The remuneration bands and components in percentage terms of the Directors' remuneration based on amounts received in financial year 2019 are as follows:

Name of Director	Basic salary %	Variable performance bonus %	Benefits-in-kind and others %	Director's fee %	Total %
<b>Above \$500,000 and below \$750,000</b>					
Mr. Tan Kheng Hwee Andrew	84	7	5	4	100
<b>Below \$250,000</b>					
Mr. Voon Yok Lin	79	8	3	10	100
Mr. Voon Chet Chie <sup>(1)</sup>	89	8	3	–	100
Mr. Bruno Sergio Valsangiacomo	–	–	–	100	100
Mr. Marcel Poser/ Mr. Romano William Fanconi <sup>(2)</sup>	–	–	–	100	100
Prof. Yong Kwet Yew	–	–	–	100	100
Ms. Luk Ka Lai Carrie	–	–	–	100	100
Mr. Soh Gim Teik	–	–	–	100	100

<sup>(1)</sup> alternate director to Mr. Voon Yok Lin

<sup>(2)</sup> alternate director to Mr. Marcel Poser

The Board is of the view that due to competitive reasons, the total remuneration of each director is not disclosed.

The Directors' fees for financial year 2018 amounted to \$290,000 were paid in financial year 2019 after approval by the members at the annual general meeting held on 29 April 2019.

# CORPORATE GOVERNANCE

## Key Management Personnel ("KMP")

Compensation of KMP consists of salary, bonus and performance share awards that are dependent on the performance of the Company, the Group and individual performance.

The remuneration bands and components in percentage terms of the top five KMP are as follows:

Remuneration Band	Number of key executives	Basic salary	Variable performance bonus	Benefits-in-kind and others	Total
		%	%	%	%
\$250,000 to below \$500,000	3	92	7	1	100
Below \$250,000	2	93	7	–	100

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure of the compensation for KMP is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of teamwork prevailing among the employees of the Group.

The annual aggregate remuneration paid to the top five KMP (excluding the CEO) for the financial year 2019 is approximately S\$1,396,000.

## Immediate Family Members of Director, Chief Executive Officer or Substantial Shareholder

There was no employee who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company and whose remuneration exceeds S\$100,000 for the financial year ended 31 December 2019.

## The BBR Share Plan

The Company has a share plan known as "The BBR Share Plan" (the "Plan") which was approved by members at the Extraordinary General Meeting held on 28 April 2010. Employees (including executive directors) of the Company and its subsidiaries and Non-Executive Directors of the Company are eligible to participate in the Plan. Controlling shareholders and their associates (as defined in the Plan) are not eligible to participate in the Plan.

The BBR Share Plan Committee comprises three Directors who have been appointed to administer the Plan.

Prof. Yong Kwet Yew – Chairman  
Mr. Bruno Sergio Valsangiacomo  
Mr. Tan Kheng Hwee Andrew

Directors in the BBR Share Plan Committee who are eligible to participate in the Plan abstain from discussions relating to their own performance and award of performance shares.

Information relating to the Plan is disclosed in the Directors' Statement on page 23 to 24.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

*Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

In 2013, the Board established a Risk Management Committee ("RMC") which reports to the Audit Committee ("AC") to oversee all aspects of risk governance. The RMC has developed BBR's enterprise risk register, which involved identifying and evaluating key business risks, likely consequences should the event occur and mitigating controls in place to manage these risks. More importantly, the RMC's role is to constantly monitor identified risks and pre-empt new risks in a dynamic operating environment.

Members of the RMC comprise the management of the key operating units of the Group.

The Risk Management Report is on pages 137 to 142.

# CORPORATE GOVERNANCE

The Board and the AC are satisfied that there is adequate and effective material internal control in place for the Group to address financial, operational, compliance and information technology risks after considering the following:

- The Board, through the AC, is responsible for oversight of the risk management responsibilities, internal controls and governance processes delegated to management;
- Internal auditors (“IA”) plans its internal audit schedules independently in consultation with the management on an annual basis and submits the internal audit plan to the AC for approval. The AC also meets with the IA at least once a year without the presence of the management to gather feedback on the management’s level of cooperation and other matters that warrant the AC’s attention. All internal audit reports are submitted to the AC for deliberation, with copies of these reports extended to the relevant senior management for prompt corrective actions as recommended. Furthermore, IA’s summary of findings, recommendations and updates on management actions taken are discussed at the quarterly AC meetings together with the external auditors;
- The AC reviews the audit plans of the external auditors of the Company and ensures the adequacy of controls for the accounting system. The AC held discussions with the management and the auditors on the observations of the auditors in the management letter. The AC was generally satisfied with the management’s responses during the discussions and suggested improvements, where appropriate;
- The AC reviews the quarterly and annual financial statements, the auditors’ report on the annual financial statements of the Group and the Company and the significant matters together with the external auditors and management before their submission to the Board of Directors;
- The AC evaluates the effectiveness of the Group and the Company’s material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the IA and observations of the external auditors;
- The AC reviews interested person transactions in accordance with the requirements of the SGX-ST Listing Manual;
- The AC and the Board are satisfied that policies and procedures for key business processes had been established. These include ISO procedures, financial policies, standard operating procedures, conflict of interest policy and a whistle blowing mechanism;
- For financial year 2019, the Board has received assurance from the CEO and Chief Financial Officer (“CFO”) that to the best of their knowledge, the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Company and the Group;
- The Board has also received assurance from the CEO and the responsible KMP, that the risk management and internal control systems are adequate and effective, based on the established risk management and internal control systems, work performed by the internal and external auditors and reviews performed by Management; and
- All directors and executive officers have submitted undertakings that they have complied with Rule 720(1) of the SGX-ST Mainboard Listing Rules.

The system of internal controls maintained by the management is adequate and effective to meet the needs of the current business environment. However, the Board notes that the review of the Group’s systems of internal control is a continuing process and there is always room for improvement having regard that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, natural disasters, losses, fraud or other irregularities. The system of internal controls adopted by the Group is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives.

## AUDIT COMMITTEE

*Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.*

The AC comprises three Directors, all of whom are Independent Directors, namely:  
Ms. Luk Ka Lai Carrie - Chairperson  
Prof. Yong Kwet Yew  
Mr. Soh Gim Teik

# CORPORATE GOVERNANCE

Ms. Luk Ka Lai Carrie, the AC Chairperson and Mr. Soh Gim Teik are well qualified to discharge their duties, as they possess the necessary recent and relevant accounting and related financial management expertise and experience.

None of the AC members were ever previous partners of the Company's external auditor, Ernst & Young LLP, nor do they have any financial interest in the auditing entity.

The duties and responsibilities of the AC include those described in the Companies Act, Chapter 50 and the 2018 Code. The main responsibilities include:

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- review the assurance from the CEO and the CFO on the financial records and financial statements;
- review and make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors of the Company and the Group, including fixing their remuneration and terms of engagement;
- review the audit plan of the external and internal auditors;
- review the adequacy, effectiveness, independence, scope and results of the external and internal audit functions and ensure coordination between external and internal auditors and the management;
- oversee the establishment and operation of the whistleblowing process in the Company and review policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up;
- review the Group's financial and operating results and accounting policies;
- review the consolidated financial statements of the Group before submission to the Board together with the external auditors' report on those financial statements;
- review the quarterly, half-yearly and full-year announcements as well as the related press releases (if any) on the results and financial position of the Group before submission to the Board for approval for release to SGX-ST; and
- review interested person transactions to ensure that each has been conducted on an arm's length basis.

The AC has explicit authority to investigate any matter within its charter, full access to and co-operation of 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. The CEO and the CFO were invited to attend meetings of the AC to report and brief the Committee on the financial and operational performance of the Group and answer queries raised by the AC.

The AC has reviewed the quarterly, half-yearly and full-year financial statements of the Group in conjunction with the report issued by external auditors before announcement on SGXNET. The following significant matter was highlighted by external auditors as key audit matter (KAM) for the financial year ended 31 December 2019, which was discussed with management and reviewed by the AC.

## Significant matter

Revenue recognition on construction contracts

## How the AC reviewed the matter and what decision was made

The AC reviewed the approach and methodology applied to the revenue recognition on construction contracts where revenue is recognised over time based on the Percentage of Completion ("POC"). The AC considered the approach and methodology used to be appropriate for its nature of business and they are in line with prevailing accounting standards and business practices. The AC has also reviewed management's judgement and assumptions used in the determination of POC.

Revenue recognition on construction contract was an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2019.

Details on the KAM can be found in the Independent Auditor's Report on pages 26 to 27.

In the AC meetings held quarterly during the financial year, the AC has reviewed all interested person transactions entered into by the Group. From the review, the AC is satisfied that all such transactions have been conducted on an arm's length basis and has recommended to the Board for the approval of those transactions.

# CORPORATE GOVERNANCE

The AC has reviewed the work performed by the external auditors, Ernst & Young LLP, after taking into consideration the relevant guidelines issued to the Audit Committees by Singapore Exchange Trading Limited and/or the Singapore Accounting & Corporate Regulatory Authority.

After taking into consideration the adequacy of the resources and experience of Ernst & Young LLP (including the audit partner in charge of auditing the Company), the other audit engagements of Ernst & Young LLP, the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the Audit Committee and the Board are of the view that Ernst & Young LLP has been able to assist the Company in meeting its audit obligations.

The Company engages Ernst & Young LLP for all its Singapore incorporated subsidiaries, associate and joint venture companies as well as significant foreign-incorporated subsidiaries.

Accordingly, the Company is in compliance with Rules 712 and 715 of the SGX-ST Mainboard Listing Rules.

In accordance with Rule 1207(6) of the SGX-ST Mainboard Listing Rules, the audit fees paid to Ernst & Young LLP for their audit and non-audit services for the financial year ended 31 December 2019 for the Group, including associates and joint ventures, amounted to S\$236,000 and S\$8,000 respectively.

The AC has conducted an annual review of non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services do not affect the independence of the external auditors.

The AC is satisfied with the independence and objectivity of the external auditors and recommends to the Board the nomination of the external auditors for re-appointment.

The AC meets the external auditors without the presence of the management annually. The external auditors have attended AC meetings held during the financial year to present their audit reports, where applicable.

The Company has in place a whistle-blowing framework which serves to encourage and provide a channel whereby employees may, in good faith and in confidence, raise concerns about possible improprieties in financial reporting and other concerns, to ensure independent investigation of such matters and appropriate follow-up action. There have been no reported incidents pertaining to whistle-blowing for the financial year 2019.

The Company has established an internal audit function that is independent of the activities it audits. The internal audit function is presently outsourced and conducted by One e-Risk Services Pte Ltd, a professional risk advisory company. Their appointment, removal, evaluation and compensation are approved by the AC. The Company has given the IA full access to its documents, records, premises and personnel in the course of their work.

The internal audit function is independent and reports directly to the AC. To ensure the adequacy of the internal audit function, the AC meets at least once a year to review the internal audit findings and to approve the annual internal audit plans. Annual reviews are conducted on the adequacy and effectiveness of the Company's risk management and internal control systems, which may include financial, operational, compliance and information technology controls. The members of the AC have unrestricted access to the IA on all matters whenever they deem necessary and have met the IA without the presence of the Management at least once annually.

The IA meets the standards set by recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the adequacy of the Company's internal audit functions and is satisfied that it is adequately resourced and has appropriate standing within the Company.

The AC will continue to review the adequacy of the internal audit function annually.

# CORPORATE GOVERNANCE

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

*Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Directors and management are mindful of the obligation to provide shareholders with information on all major developments and other material information that affects the Group on a timely basis. The Company does not practice selective disclosure of material information.

Information is communicated to shareholders on a timely basis through:

- Annual reports and circulars that are prepared and issued to all shareholders;
- SGXNET announcements and press releases, where applicable;
- Quarterly financial results and annual reports are broadcast via SGXNET within the prescribed period; Notices and explanatory notes of the general meetings; and
- the Company's website at <http://www.bbr.com.sg>

The Board provides shareholders with a balanced and understandable assessment of the Group's financial performance, position, and prospects through the announcement of quarterly and annual financial results and press release (where appropriate) via SGXNET.

Shareholders can access both general information such as business activities, project history, as well as investor-related information on the Group via the Company's website.

Shareholders are notified of general meetings within the prescribed period before the scheduled date of such meetings via notices in annual reports or circulars, announcements on SGXNET and advertisements in the Business Times. Members are entitled to attend all general meetings so as to participate effectively and vote. They are also given the opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either formally at or informally after the meeting. Shareholders are informed of the rules, including voting procedures that govern general meetings of members at the commencement of each meeting.

The company tables separate resolutions at general meetings of shareholders on each substantially separate issue with provision of explanatory notes unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting. No such resolutions were tabled in the previous annual general meeting held.

All resolutions tabled at general meetings are voted by poll in the presence of scrutineers from One e-Risk Services Pte Ltd. Results of the polling are made known to members before the meeting is concluded and announced on the SGXNET immediately after the meeting.

All Directors will strive to attend general meetings and the external auditors will also be present to address shareholders' queries about the conduct of audit, the preparation and content of the auditor's report. During the financial year 2019, only an annual general meeting was held. All Directors and the external auditor were present except for the Non-Executive Directors who are non-resident in Singapore, namely Mr. Bruno Sergio Valsangiacomo, Mr. Marcel Poser and his alternate Mr. Romano William Fanconi. Nonetheless all the Directors including the CEO present at the previous annual general meeting were able to address concerns of the shareholders.

The Company's constitution allows for absentia voting at general meetings of shareholders. Banking corporation or subsidiary of such corporation whose business includes the provision of nominee services and person that provide custodial services for securities and who holds shares of the Company in that capacity are entitled to appoint more than two proxies to attend, speak and vote at general meetings.

The Company publishes the minutes of general meetings on its corporate website as well as through announcements via SGXNET. The minutes will include information of the Directors, management and, where relevant, the external auditor and advisors who attended the meeting, details of any questions raised by members and the answers given by the Board and/or management. The minutes of the previous AGM held on 29 April 2019 was announced and published on 14 June 2019.

The Company does not have a fixed dividend policy in place. In determining the annual dividend payout, the Board will consider setting aside sufficient funds for investments, capital expenditure, equity contribution for property development projects, working capital and other requirements as the Board may deem fit for the best interests of the Company and the Group.

No dividend has been proposed for FY2019 as the Group had incurred a loss and also taking into consideration the expected cash needs of the projects on hand.

# CORPORATE GOVERNANCE

## ENGAGEMENT WITH SHAREHOLDERS

*Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The annual general meetings and extraordinary general meetings are the principal forums for dialogue with shareholders and venues for shareholders to express their views on various matters affecting the Company and to stay informed of the Group's strategy and goals. Shareholders and members are encouraged to participate in the meetings by raising relevant questions or to seek clarification on the motions to be debated and decided upon. According to the Company's constitution, a member who is not a relevant intermediary, is entitled to attend, speak and vote at general meetings may either vote in person or appoint not more than two proxies to attend, speak and vote on his behalf. Member who is a relevant intermediary, either banking corporation, its wholly-owned subsidiary that provide nominee services or a person that provide custodial services for securities, may appoint more than two proxies to attend, speak and vote at the general meetings.

The chairpersons of the respective committees are present and available to address questions at general meetings. The external auditors are invited to general meetings, in particular, the annual general meetings, to assist the Directors in addressing any relevant queries by the members.

The Directors and management of the Company continue to place emphasis on its investor relations efforts to engage and strengthen relationships with shareholders. It believes that regular, timely, effective and fair communication with shareholders is part of good corporate governance practices.

The Investor Relations team communicates with financial analysts to update them on the latest corporate development and at the same time address their queries, if any. The CEO and CFO may hold analysts' briefings on the Company's financial results and business updates after they have been announced on SGXNET. Interviews with the appropriate media are also organised from time to time.

Shareholders with questions may contact the Company's investor relations which are managed by Waterbrooks Consultants Pte Ltd, through the Company's website at [www.BBR.com.sg](http://www.BBR.com.sg), from which Shareholders can access, provides all publicly announced financial information, corporate announcements, press releases and annual reports which shareholders can access at any time.

## MANAGING STAKEHOLDERS RELATIONSHIP

### Engagement with Stakeholders

*Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Group has regularly engaged its stakeholders through various mediums and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth.

The stakeholders identified are those who have impacted by or who are able to impact the Group's business and operations, they are our future generation, employees, customers, suppliers and the community.

The Group has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed by the Board annually.

Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships.

More information is available in the annual Sustainability Report, which should published by the Company at a later date, a copy of which will be made available on the Company's website in due course.

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION

### Dealings in the Company's Shares (Rule 1207(19) of the SGX-ST Listing Manual)

The Company has adopted policies in line with the requirements of the listing rules of SGX-ST on dealings in the Company's securities. All officers and employees of the Group are not allowed to deal in the Company's shares while in possession of unpublished material price-sensitive information and on short-term considerations, and during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full year financial statements up till the date when the relevant announcements have been released.

### Risk Management Policies and Processes (Rule 1207(4)(b)(iv) of the SGX-ST Listing Manual)

The Group's overall risk management policy aims to minimise potential adverse effects on the financial performance of the Group. The Group has adopted risk management policies and processes that seek to mitigate these risks in a cost-effective manner.

Information on risk management, policies and processes are disclosed in the financial statements as well as Risks Management Report on pages 137 to 142.

### Material Contracts (Rule 1207(8) of the SGX-ST Listing Manual)

There were no material contracts entered into by the Company and its subsidiaries in financial year 2019, save as disclosed in the financial statements, which involved the interests of the CEO, any director or controlling shareholders of the Company.

### Interested Person Transactions (Rule 907 of the SGX-ST Listing Manual)

No general mandate has been obtained for interested person transactions pursuant to Rule 920(1) of the SGX-ST Mainboard Listing Rules. The aggregate value of interested person's transactions carried out during the financial year ended 31 December 2019 by the Group was as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
BBR VT International Ltd (A related corporation of BBR Holding AG, Switzerland, a controlling shareholder of the Company)	2,117	–

The above interested person's transactions were carried out on arm's-length basis.

### Sustainability Report (Rules 711A and 711B of the SGX-ST Mainboard Listing Rules)

The Company will release its Sustainability Report via SGXNET at a later date. A copy will also be made available on the Company's website at [www.BBR.com.sg](http://www.BBR.com.sg).

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Luk Ka Lai Carrie (Mrs Carrie Cheong), Mr Marcel Poser and Mr Voon Yok Lin are the Directors who are seeking re-election at the forthcoming Twenty-sixth Annual General Meeting of the Company to be convened on Tuesday, 19 May 2020 at 9.30 a.m. (the "Retiring Directors").

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the information relating to the Retiring Directors, in accordance to Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	<b>Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)</b>	<b>Mr. Marcel Poser</b>	<b>Mr. Voon Yok Lin</b>
Date of Appointment	24/09/1997	24/04/2015	21/06/2017
Date of last re-appointment (if applicable)	21/04/2017	23/04/2018	23/04/2018
Age	66	45	64
Country of principal residence	Singapore	Switzerland	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>Ms Luk Ka Lai Carrie is an effective Audit Committee Chairperson who is very knowledgeable in finance, accounting and governance matters and has many years of working experience relating to the business aspects of the construction and engineering industry. She enquired on key control issues, offered critical insights and independent views during the Board and Committee meetings.</p> <p>The Nominating Committee and the Board of Director recommend the re-appointment of Ms Luk Ka Lai Carrie having considered her contributions and performance at the Board.</p>	<p>Mr Marcel Poser has many years of experience in steel construction and construction engineering machinery for tunnels and bridges and also in the development of business. With his industry knowledge and strong business acumen, he provides good insights and advices to the Board relating to the business matters of the Group.</p> <p>The Nominating Committee and the Board of Directors recommend the re-appointment of Mr Marcel Poser having considered his contributions and performance at the Board.</p>	<p>Mr Voon Yok Lin who has many years of experience in the pre-stressing construction, is instrumental to the growth of the Group's business in Malaysia. Besides, he also assists to mentor the Group's management team in Thailand in both the business and technical aspects. With his experience and technical knowledge, he provides good insights and advices to the Board on business matters in Malaysia and Thailand.</p> <p>The Nominating Committee and the Board of Directors recommend the re-appointment of Mr Voon Yok Lin having considered his contributions and performance at the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive	Non-Executive	Executive Responsible for the daily operations and administration of the Group together with the management.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nominating Committee / Remuneration Committee and Investment Committee	Non-Executive Director	Executive Director
Professional qualifications	<p>Ms Luk holds a Master Degree of Business Administration from the University of Brunel, United Kingdom.</p> <p>She is a Fellow of the Association of Chartered Certified Accountant, a member of the Institute of Singapore Chartered Accountants, a practising Chartered Secretary, an Associate of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), UK and Chartered Secretaries Institute of Singapore.</p>	<p>Mr Poser earned his undergraduate degree in civil engineering from Zurich University of Applied Sciences and a master's degree from the Cockrell School of Engineering at The University of Texas at Austin in 2001.</p> <p>In 2016, he became only the 30<sup>th</sup> alumni of the University of Texas at Austin and recognized with the prestigious Outstanding Young Engineering Graduate Award from the University of Texas at Austin.</p>	<p>Mr Voon holds a Bachelor Degree of Science (Honours) in Civil Engineering from the University of Strathclyde, Scotland, in the United Kingdom.</p> <p>He is a registered Professional Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.</p>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)</b>	<b>Mr. Marcel Poser</b>	<b>Mr. Voon Yok Lin</b>
Working experience and occupation(s) during the past 10 years	<p>Ms Luk is a Director and Chief Executive Officer of Carrie Cheong &amp; Ethel Low Consulting Pte. Ltd., a company which provides business advisory services, financial management and corporate services.</p> <p>She has extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers and mergers and acquisitions.</p> <p>Ms Luk has participated in more than ten successful launch of initial public offerings on SGX-ST. These comprise local and overseas companies from various industries, including manufacturing and trading, engineering and construction, property development, agriculture, food processing and lifestyle business. She has been involved in merger and acquisition transactions in Singapore, Australia, China and various countries in the region.</p> <p>Prior to establishing her corporate and business consultancy practice in 1993, she has held various senior positions in a public-listed company in corporate planning, finance and administrative functions.</p>	<p>Mr Poser started his professional career in the field of steel construction and construction engineering machinery for tunnels and bridges in Switzerland, the European Union, Asia-Pacific, Africa and the United States.</p> <p>He is an entrepreneur, business strategist in the technology space. He has served in leadership positions of companies who are the Executive Officer and Director of Tectus SA within the Tectus Group, where he was the Group CEO from 2011 to 2020. He joined the BBR Group in 2002 with BBR VT International where, as CEO from 2006 until 2011, he transformed the BBR Group in the world's largest engineering franchise.</p> <p>He is also concurrently the Chairman of BBR VT International Ltd, Executive Co-Chairman of Proseq SA and Director of BBR Holding AG, and other Tectus Group associated companies. He is founding partner and Director of Tectus Dreamlab Pte Ltd, a cross-functional research centre in Fusionopolis, Singapore, leading various next-generation research and development projects.</p> <p>He is CEO and co-founder of Screening Eagle Technologies, a technology company with the mission to protect the built world, incorporating workflow software, advanced sensors to deliver real-time test measurement analytics of building and infrastructure assets. He is also co-founder of Screening Eagle (Tectus) Dreamlab in Singapore, a cross-functional software research center in Singapore and spearheaded various development projects in IoT, big-data, virtual and augmented reality and artificial intelligence.</p>	<p>Mr Voon is currently the Managing Director of BBR Construction Systems (M) Sdn. Bhd., where he is responsible for the overall operations and management.</p> <p>Prior to joining the Group in 1994, Mr Voon worked in various capacities in a Malaysian construction firm, which specializes in pre-stressing construction technology.</p>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)</b>	<b>Mr. Marcel Poser</b>	<b>Mr. Voon Yok Lin</b>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	16,690,000 shares of the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including directorships (for the last 5 years)	Tiong Woon Corporation Holding Ltd	-	-

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)</b>	<b>Mr. Marcel Poser</b>	<b>Mr. Voon Yok Lin</b>
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Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)</b>	<b>Mr. Marcel Poser</b>	<b>Mr. Voon Yok Lin</b>
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or future industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offences in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)	Mr. Marcel Poser	Mr. Voon Yok Lin
(i)	Whether he has ever been the subject of any order, judgment or ruling or any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No	No
(i)	Any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii)	Any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii)	Any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv)	Any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Ms Luk Ka Lai Carrie (Mrs Carrie Cheong)	Mr. Marcel Poser	Mr. Voon Yok Lin
	In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only			
	Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed company as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.
		N.A.	N.A.

# RISK MANAGEMENT REPORT

The Board of Directors is responsible for overseeing the risk governance framework of BBR so as to ensure that management maintains a sound system of risk management to safeguard shareholders' interest and the company's key assets. To this end, it has established a Risk Management Committee in 2013 to oversee risk governance.

BBR's Enterprise Risk Management (ERM) framework is an integral part of its business decision-making process and by identifying potential risks which may affect its business, and putting in place measures to mitigate the likelihood of these risks occurring, the ERM framework provides better assurance that its business objectives, as well as BBR's long term and short term objectives can be achieved.

BBR's ERM framework is a platform with consistent risk management procedures and methodologies applied across the whole organization. Risks are also managed to be within the Group's risk profile as determined by the Board of Directors. The ERM framework delineates risk preventive measures, risk detective measures and risk corrective action for risks identified by the Group in the context of its operational and business environment. Preventive measures reduce or eliminate the likelihood of a risk event occurring. Detective measures identify risk events that have occurred or are impending. Corrective actions reduce or eliminate the consequences of a risk event that has occurred. More priority is put into identifying and preventing risk events from occurring than in corrective action for events that occur; as prevention is far more cost efficient than correction.

BBR's ERM framework improves the Group's operational efficiency, enhances its business strategising and creates value for shareholders in the following ways:

1. By identifying and managing risks via a suite of mitigating controls, else the occurrence leads to severe consequences, the ERM framework avoids surprises which materially impact the Group's business performance;
2. By assigning clear risk roles and responsibilities to staff for better accountability, and by having clear risk reporting channels, the Group is able to ensure better corporate governance and transparency. In addition, staff are encouraged to pro-actively escalate knowledge of risks as they occur as opposed to waiting for annual updates of BBR's risk register; and
3. By having an organisation-wide platform for managing risks, ERM empowers personnel to take ownership of relevant risks identified in their departments and at construction sites, and ensure that the appropriate controls are rigidly implemented to mitigate the occurrence and impact of these risks, thus ultimately facilitating the achievement of corporate objectives.

## ENTERPRISE RISK MANAGEMENT PROCESS

The ERM process begins with BBR's individual business units defining the operating environment, followed by identification of associated risks and establishing likely consequences should the event occurs. The process also involves identifying existing mitigating controls and their design effectiveness. BBR's operating environment is defined in the context of the Group's strategic objectives i.e. its Vision, Mission, key business objectives, and what it considers as key assets which need to be protected. The risks identified are grouped into the following four categories:

- Strategic Risk
- Operational Risk
- Financial Risk
- Compliance Risk

Next, an Enterprise Risk Assessment methodology is used to rate the risks. This involves risks analysis to determine the level of risk exposure to enable the prioritisation of risk and calibrate the amount of management focus and effort required. Each risk is evaluated to determine the likelihood of occurrence and severity of each consequence for that risk after factoring the effectiveness of existing mitigating controls. All the components of the ERM framework are quantitative i.e. objective, measurable and able to be documented and rated for effectiveness. They are also amenable to mathematical manipulation and transformations.

Example: Overall Risk Rating = Consequence of the Event x Likelihood of Occurrence

# RISK MANAGEMENT REPORT

The constant monitoring of identified risks and pre-empting new risks in a dynamic operating environment is crucial to the Group's risk management framework. BBR conducts a formal review of the ERM framework on a regular basis.

The following sections outline key risks within the Group's ERM framework that may impact the financial status and operational effectiveness of BBR's businesses.

## STRATEGIC RISKS

### Competition risk

Singapore is a key market for BBR's businesses. The availability of public sector as well as private sector construction projects constantly attracts new players resulting in keener competition and lower margins. In recent years, the Group sees increased competition from overseas players from countries such as People's Republic of China, Japan and South Korea. The Group monitors the competitive landscape by conducting periodic market scans and also measures the effectiveness of marketing initiatives target to increase brand awareness and grow its customer base. The Group also explores partnership and collaboration with overseas players instead of direct competition with them.

For BBR's property development business, a crucial factor is the availability of sites that are suitable for development, design and construction. The business development team's role is to identify potential sites and conduct due diligence on its suitability before it is proposed to the management for investment consideration. The availability of capital for funding the acquisition of suitable plots of land is a strategic business risk which must be addressed prior to investment commitment.

The Group also mitigates competition risk by exploring business opportunities in the region.

### Political and regulatory risks

All projects are assigned a risk quotient for political and regulatory risk. The exposure to changing government policies and regulations within the local and global market environment entails a continual review of business plans. Preventive measures include performing due diligence prior to investments and identifying established local and global partners that are able to identify and mitigate any potential regulatory shifts. Preventive measures include maintaining close working relationships with business partners and authorities to keep abreast of developments, policy and regulatory changes in the construction and property development industries.

### Changes to government policies

The Group operates amid a backdrop of government legislation, regulations and policies governing, among other things, employment of foreign workers, licensing of builders, approval and execution of plans and building works, workplace safety and health in Singapore and Malaysia. Of late, the Singapore government has legislated the adoption of more productive construction methods, such as, Prefabricated Prefinished Volumetric Construction (PPVC) for certain public sector projects and selected government land sales sites.

To keep abreast of changing policies, the business development team holds regular dialogues with the regulatory authorities and participates in industry workgroups to lobby and give feedback on potential regulatory changes. In order to uphold our first-mover advantage in PPVC, besides constantly upgrading BBR's steel modular system with the latest know-how, project execution methodology has to be proficient. We would also send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as on new safety and building standards imposed by the regulatory authorities.

Sales of our development properties are affected by the series of measures to cool the Singapore residential property market. Although the Group did not engage in any sale of development properties during the financial year, we are continually keeping abreast of property market developments so as to enable us to better manage our next property sales launch.

# RISK MANAGEMENT REPORT

## OPERATIONAL RISKS

### Contractual risks and management

The Group has established a Tender Committee to evaluate the risks associated with contractual issues and tender compliances. The objective of the evaluation is to minimise contractual risks of the Group. Prior to the submission of tenders, additional clarification is sought from clients/consultants and queries received by the management are discussed and appropriate replies to the clients/consultants are prepared accordingly.

All agreed contractual matters are incorporated in the contracts for completeness and accuracy after discussions. However, in the event that clarifications sought by the management is not complete by the deadline stipulated for the tender, the management will enclose a qualification to that particular effect in the tender submission and these are further discussed at the tender interview with the clients/ consultants.

### Technical risks and management

The Group's technical risks exposure is minimal as it has highly qualified technical personnel and it also engages external technical consultants to look into all aspects of technical matters. Projects that involve higher risks and which can be quantified will be factored into during the tender stage. Clarification will be sought from the clients/ consultants for matters that are not clear and proper records and documentation, where applicable, are prepared.

### Partnership alliances to undertake projects jointly

The Group may enter into joint ventures to further its business plans. Disagreements regarding the conduct of business or operations, inconsistent economic or business goals, dispute as to the scope of responsibilities and obligations and differing financial capacities among partners may adversely affect the performance of the joint ventures. Further, amid deteriorating economic and/or financial conditions, joint venture partners may be unable to fulfil their respective contractual obligations, such as capital calls, as well as experience a decline in their creditworthiness.

The Group has addressed these risks by providing for executive committees ("Exco") to be set up in joint ventures and appointing its own personnel to participate actively in the progress of the project via the Exco. Key policy matters are defined and agreed upfront in contractual documents, stipulating detriments of defaulting parties for specific events. Prior to forming an alliance, there will be due diligence performed on the potential partners.

### Performance, quality, cost overruns and liquidated damages for project delays

Ease of project execution is affected by factors such as, fluctuations in costs of materials, equipment and labour, control of materials usage and costs, proficiency of project staff and workers, changes in project design and specifications, accidents at work-sites, environmental impacts, delays in approval from the relevant authorities, stop-work orders by authorities, cost overruns and unfavourable weather conditions. Performance and quality of the projects delivered depends very much on the ability to develop and construct sites according to construction schedule, design and specifications. Projects may also be slapped with liquidated damages if delays due to factors attributable to the Group occur, leading to non-completion within the construction period.

Initiatives by the Group to mitigate the above risks include periodic project milestone monitoring and regular budget review and update meetings involving project execution teams and management. Quality certifications such as ISO 9001 are in place as part of project and quality management across the Group. Construction budgets may also include buffers in anticipation of cost overruns. To better equip personnel with skillsets to perform their functional roles, raise competencies and productivity levels during project executions, staff undergo relevant professional as well as technical training courses. The Group also conducts regular checks on the quality of work done for its projects.

# RISK MANAGEMENT REPORT

BBR's centralised procurement facilitates the consolidation of purchases across projects to achieve economies of scale. The purchasing department is also tasked with pre-qualifying vendors for different work heads, followed by annual evaluation of each vendor's performance. Vendors who do not measure up are dropped from the pre-approved list. To ease the effect of cost fluctuations, contract terms may include a price fluctuation clause for key construction materials, such as rebar and concrete.

ISO 9001 accreditations govern project and quality management across the Group. Delay events are formally notified in writing on a timely basis to clients to minimise liquidated damages, while extension of time applications are judiciously pursued with proper documentation of delay events, site minutes of meeting, photographs and project correspondences.

## **Performance by subcontractors**

The Group engages third-party contractors to provide various services for every project, to the extent that the end product is substantially dependent on the performance of these subcontractors. These subcontractors may default or fall back on scheduled progress or quality standards may be below par. If their services are discontinued, alternative subcontractors are appointed and more often than not, at higher costs and longer completion duration, for which such additional costs cannot be recovered from the defaulting contractor.

BBR minimises this risk by assessing all subcontractors' quality of work after each project and maintains a list of pre-approved subcontractors for each work head. Subcontractors are awarded not purely on price, but assessed on quality of services and the company's financial strength. Other insurances include retention sums and submission of performance bonds to BBR.

## **Shipment and transportation of PPVC modules**

Deploying the PPVC system enables BBR to achieve labour productivity and operational efficiency via off-site prefabrication of steel units, complete with internal finishes, fixtures and fittings at holding yards, which are then transported to construction sites for installation and assembly to form modular apartments. There could be delays by the logistics firm due to insufficient base cargo to justify shipments, or adverse weather conditions at sea. During transportation of the finished heavy and bulky modules to the project site, accidents may happen en route, causing not only delays and damages to the modules, but to third parties too.

BBR mitigates this risk by only engaging experienced logistics vendors with good track record, as well as ensuring contract terms contain provisions for fair compensation to BBR in the event of shipment delays and damages to goods. Adequate insurance coverage is fundamental to hedge against all forms of damages consequent to accidents.

## **Quality control of PPVC modules**

As a manufacturer of PPVC modules, quality control of the modules is of utmost importance. The Group has stringent quality assurance and quality control requirements at each stage of works and close supervision at the factory where the modules are constructed off-site. Selection of sub-contractors is also based on quality and price rather than solely on price. Materials used are tested if necessary to ensure that they meet the project requirement and quality standards.

## **Labour shortage**

The Group is highly dependent on foreign workers to carry out construction activities at its projects and is therefore vulnerable to the dearth of workers and increasing levy costs of employment. Labour policies by the Singapore and Malaysia governments have restricted the supply of foreign workers, leading to higher costs of employing workers via less competitive sources of supply and having to manage diminished accountability from these outsourced labourers.

BBR has responded to the government's push for productivity by investing in PPVC, Building Information Modelling (BIM) software and application, and other automation, thereby reducing our reliance on labour.

# RISK MANAGEMENT REPORT

## Epidemic and pandemic risks

The COVID-19 outbreak will have significant impact on the Singapore's economy as well as the global economy. On 26 March 2020, the Ministry of Trade and Industry had downgraded its economic growth forecast to between -4.0 and -1.0 per cent, indicating a recession due to a weakened outlook. In such difficult situation, the Group will continue to focus on its core businesses by leveraging its strong track record to secure more projects, as well as enhancing cost effectiveness and efficiency optimisation in the management of on-going projects. The Group will also be more vigilant in managing its costs and be updated with the government stimulus packages and support programmes that will help to alleviate cost during the COVID-19 outbreak.

The outbreak of infectious disease will have disruption-related impacts on the Group's operation that may arise from travel restrictions, quarantine measures and business suspension that in turn cause manpower shortages and supply chain disruptions. In the light of the current COVID-19 outbreak, the Group has adopted precautionary measures in requiring all staff and visitors to the office and construction sites to have their temperature screened and obtaining declaration of their travelling history before any entry is allowed to reduce the risk of infection. Procedures are also in place to facilitate contact tracing and immediate isolation of any suspected case. Due to the nature of work and the availability of resources, working from home may not be feasible for all staff. However, various key personnel have been prepared and are ready to direct and ensure minimal business disruption if adverse situation arises due to the outbreak. All staff are updated regularly of any changes in guidelines from the government.

The lockdown in China, Europe and Malaysia may raise concerns on supply issues. The Group will explore alternative sources of supply, or if other supplies are not available, it may seek for an extension of time ("EOT") to complete the project from its customers based on contractual terms. As the Group operates a factory in Seelong, Malaysia, for the fabrication of PPVC modules, the lockdown of Malaysia has also caused delay in the transportation of the PPVC modules to Singapore. Likewise, an EOT may be sought from its customers to minimise the financial impact of any delays in project completion.

## FINANCIAL RISKS

### Foreign exchange risks

The Group is subject to foreign exchange risks as a result of transactions denominated in currencies other than the respective functional currencies of its companies. In particular, the business of PPVC entails engaging overseas fabricators to supply modules and ocean freight forwarders to provide shipping services. The transactions may be denominated in currencies other than the Singapore Dollar, giving rise to foreign exchange differences as a result of movements in exchange rates for mainly the United States Dollars against the Singapore Dollar. The Group closely monitors for fluctuations and may enter into forward currency contracts to partially hedge its USD purchases.

In addition to transactional exposure, the Group is exposed to currency translation risk, mainly in Malaysian Ringgit from net investments in its foreign subsidiary, BBR Construction Systems (M) Sdn Bhd.

### Capital management

BBR recognises the importance of prudent capital management to support the Group's overall business operations and strategic investments. To remain competitive, BBR must have adequate financing on terms acceptable to the Group to continually invest in capital equipment, facilities and technological improvements for its businesses, aside from sufficient working capital facilities to finance the completion of its projects. A common condition for project awards is the procurement of a performance bond by an acceptable financial institution to guarantee the Group's contractual performance in the project.

Prudent capital management is particularly pertinent for PPVC because there is a longer time gap between the payment for cost of supplies and collection from our client. Unlike general construction and specialised engineering projects where claims are progressively paid by the client for work performed, payments for PPVC is due only when the completed module is installed at the site.

# RISK MANAGEMENT REPORT

Financial institutions grant facilities to companies based on its financial performance and other factors that are beyond its control, such as general economic and political conditions. Hence, the importance of open communications with BBR's relationship managers at major banks so as to maintain available lines of credit facilities. By aligning the Group's capital management strategy with its short and mid-term goals, investment and expansion plans need not be curtailed in the event financing is unsuccessful or withdrawn. Also, the Group negotiates with banks to establish loan covenants, where required, with ample headroom and monitors the outcome on a quarterly basis.

## **Tariff for Production of Solar Energy**

For the Group's green technology segment, it is involved in projects to supply, install and lease solar panels and grid connected systems to customers on a long-term basis. Power purchase agreements ("PPAs") are entered into for up to 25 years where the selling price of solar energy is pegged to the prevailing Singapore electricity tariff set by the Energy Market Authority ("EMA") and there may be no floor price set. As a key component in determining the cost of electricity is fuel cost, the income stream derived from the PPAs over the lease period would be affected by movements in oil prices, resulting in EMA adjusting the electricity tariff.

SGX launched the electricity futures market on 1 April 2015, which is a platform for the electricity industry to partially hedge its risks by allowing the trading of standardised contracts of electricity products up to 2 years into the future at specified prices. Industry players are able to derive more certainty on cash flows by hedging against any low spot prices or cover unplanned or maintenance outages of its panel installations, thereby protecting its revenues. However, BBR has not hedged income receivable from its solar leasing contracts because current revenue derived is relatively low and the cost of hedging does not merit the benefits.

## **COMPLIANCE RISKS**

### **Workplace Safety and Health**

Accidents at work sites may disrupt operations as a result of partial or full stop-work orders, fines, claims from injured parties for damages, and any claims which may not be covered by the Group's insurance policies. If an offence is committed under the Workplace Safety and Health Act, BBR and/or its officers may be liable to fines or imprisonment, as well as demerit points imposed by the Ministry of Manpower ("MOM") on the company. If the company continues to breach workplace safety and health rules, applications for new and renewal of work passes for foreign employees will be rejected by MOM.

BBR has placed great emphasis on workplace safety and health by establishing safety programmes, standard operating procedures and protocols for staff. These safety measures have been extended to subcontractors who are obliged to conform to these practices or face fines for breaches. Apart from appointment of qualified Safety Officers who performs regular site safety inspections, safe practices are reinforced by conducting mandatory safety induction sessions for site staff to familiarise themselves with safety policies and behavioural safety approach is being promoted to all staff and workers, and thus taking ownership for personal safety.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2020

Issued and fully paid capital	:	S\$49,082,199
Number of ordinary shares (excluding treasury shares)	:	322,388,218
Number of treasury shares	:	2,322,200
Class of shares	:	Ordinary
Voting rights	:	1 vote for each ordinary share held (excluding treasury shares)

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	38	0.51	1,301	0.00
100 – 1,000	2,003	26.86	1,243,716	0.39
1,001 – 10,000	3,666	49.15	17,597,293	5.46
10,001 – 1,000,000	1,731	23.21	79,992,161	24.81
1,000,001 AND ABOVE	20	0.27	223,553,747	69.34
<b>TOTAL</b>	<b>7,458</b>	<b>100.00</b>	<b>322,388,218</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% <sup>(1)</sup>
1	BBR HOLDING AG	85,632,978	26.56
2	CITIBANK NOMINEES SINGAPORE PTE LTD	38,507,700	11.94
3	DBS NOMINEES (PRIVATE) LIMITED	25,567,074	7.93
4	UOB KAY HIAN PRIVATE LIMITED	9,722,000	3.02
5	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	9,437,252	2.93
6	ABN AMRO CLEARING BANK N.V.	8,389,100	2.60
7	ONG KIAN KOK	7,777,600	2.41
8	RAFFLES NOMINEES (PTE.) LIMITED	7,595,700	2.36
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,110,200	1.90
10	NG SENG HUA	5,031,200	1.56
11	SIA KONG WAH @ SING KONG YOW	4,090,000	1.27
12	DUNCAN PRODUCTS PTE LTD	2,700,073	0.84
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,219,200	0.69
14	JONATHAN CHADWICK	2,000,000	0.62
15	TAN BAN PIN	1,761,500	0.55
16	TIONG WOON CRANE & TRANSPORT (PTE) LTD	1,696,788	0.53
17	TYT BUILDERS PTE LTD	1,560,182	0.48
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,534,700	0.48
19	NG HWEE KOON	1,203,500	0.37
20	CHUA CHENG ANN	1,017,000	0.32
	<b>TOTAL</b>	<b>223,553,747</b>	<b>69.36</b>

## TREASURY SHARES

As at 17 March 2020, 2,322,200 ordinary shares are held as treasury shares, representing 0.72% of the total number of issued shares excluding treasury shares

### Note:

<sup>(1)</sup> Percentage is calculated based on 322,388,218 ordinary shares (excluding treasury shares) as at 17 March 2020.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2020

Name of Substantial Shareholders	Number of shares held		
	Direct Interest	Deemed Interest	Total Interest
BBR Holding AG, Switzerland	85,632,978	–	85,632,978
Tectus S.A <sup>(1)</sup>	–	85,632,978	85,632,978
Claudia Valsangiacomo-Brandestini <sup>(2)</sup>	–	85,632,978	85,632,978
Bruno Sergio Valsangiacomo <sup>(3)</sup>	–	85,632,978	85,632,978
Vesna Eckert- Brandestini <sup>(2)</sup>	–	85,632,978	85,632,978
Nick Brandestini <sup>(2)</sup>	–	85,632,978	85,632,978
Tan Kheng Hwee Andrew <sup>(4)</sup>	17,250,474	228,400	17,478,874
Voon Yok Lin <sup>(5)</sup>	16,690,000	–	16,690,000
Chiu Hong Keong or Khoo Yok Kee <sup>(6)</sup>	26,160,700	40,000	26,200,700

## Notes:

- <sup>(1)</sup> Tectus S.A. is deemed to have interests in the Company's shares held by BBR Holding AG, Switzerland by virtue of its holding in aggregate not less than 20% of the voting shares of BBR Holding AG, Switzerland.
- <sup>(2)</sup> Mrs Claudia Valsangiacomo-Brandestini, Ms Vesna Eckert-Brandestini and Mr Nick Brandestini are each deemed to have an interest in the Company's shares held by BBR Holding AG, Switzerland by virtue of each of them holding not less than 20% of the voting shares of Tectus S.A..
- <sup>(3)</sup> Mr Bruno Sergio Valsangiacomo is deemed to have an interest in the Company's shares held by BBR Holding AG, Switzerland by virtue of him together with his wife, Mrs Claudia Valsangiacomo-Brandestini, holding in aggregate not less than 20% of the voting shares of Tectus S.A..
- <sup>(4)</sup> The shares of Mr Tan Kheng Hwee Andrew are held in the name of DBS Nominees Pte Ltd. He is deemed to have an interest in the Company's shares held by his wife, Ms Koh Peck Poh, Phyllis.
- <sup>(5)</sup> The shares of Mr Voon Yok Lin are held in the name of Citibank Nominees Singapore Pte Ltd.
- <sup>(6)</sup> Mr Chiu Hong Keong or Ms Khoo Yok Kee are deemed to have an interest in the shares held by their son, Mr Chiu Wei Wen.

## PUBLIC SHAREHOLDING

As at 17 March 2020, based on the registers of shareholders and to the best knowledge of the Company, approximately 54.69% of the Company's shares were held in the hands of the public. The Company has complied with the Mainboard Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING



(Incorporated in the Republic of Singapore)

UEN 199304349M

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of BBR HOLDINGS (S) LTD (the "**Company**") will be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Tuesday, 19 May 2020 at 9.30 a.m. for the following purposes:

## ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the audited Financial Statements of the Company for the year ended 31 December 2019 together with the Auditor's Report thereto. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to Regulation 111 of the Company's Constitution:-
  - 2.1 Ms Luk Ka Lai Carrie (Mrs Carrie Cheong) **(Resolution 2)**  
*(Note: Ms. Luk Ka Lai Carrie is an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of the Nominating Committee/Remuneration Committee/Investment Committee. She will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of the Nominating Committee/Remuneration Committee/Investment Committee.)*
  - 2.2 Mr. Marcel Poser **(Resolution 3)**  
*(Note: Mr. Marcel Poser is a Non-Executive Director. He will, upon re-election as a Director of the Company, remain as a Non-Executive Director. The appointment of Mr. Romano William Fanconi as his alternate shall continue upon re-election of Mr. Marcel Poser as a Director of the Company.)*
  - 2.3 Mr. Voon Yok Lin **(Resolution 4)**  
*(Note: Mr. Voon Yok Lin is an Executive Director. He will, upon re-election as a Director of the Company, remain as an Executive Director. The appointment of Mr. Voon Chet Chie as his alternate shall continue upon re-election of Mr. Voon Yok Lin as a Director of the Company.)*

*Additional information on Directors seeking re-election in accordance to Appendix 7.4.1 to the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited can be found on pages 130 to 136 of the Annual Report.*
3. To approve payment of \$290,000.00 as Directors' fees for the year ended 31 December 2019 (2018: \$290,000.00). **(Resolution 5)**
4. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix the auditor's remuneration. **(Resolution 6)**
5. To transact any other ordinary business that may properly be transacted at an annual general meeting.

## SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
 

Proposed Authority to Allot and Issue Shares **(Resolution 7)**

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as may for the time being be applicable, authority be and is hereby given to the Directors to:

# NOTICE OF ANNUAL GENERAL MEETING

- (a)
  - (i) allot and issue shares in the share capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and/or
  - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
- (b) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force (notwithstanding that the authority conferred by the members may have ceased to be in force);

Provided that

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):
  - (A) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company (as calculated in accordance with sub-paragraph (2) below); and
  - (B) the aggregate number of Shares to be issued other than on a pro rata basis to the shareholders of the Company does not exceed 20% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the aggregate number of issued Shares (excluding treasury shares) shall be based on the aggregate number of issued Shares (excluding treasury shares) in the share capital of the Company at the time of the passing of this Resolution, after adjusting for:-
  - (A) new Shares arising from the conversion or exercise of convertible securities; or
  - (B) new Shares arising from the exercise of share option or the vesting of share awards which are outstanding or subsisting at the time of passing of this Resolution; and
  - (C) any subsequent bonus issue, consolidation or subdivision of Shares, where applicable.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of passing of this Resolution and expiring on the earliest of:
  - (A) the date on which the next annual general meeting of the Company is held; or
  - (B) the date by which the next annual general meeting of the Company is required by law to be held."

(See Explanatory Note (1))

# NOTICE OF ANNUAL GENERAL MEETING

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Proposed Authority to Allot and Issue Shares under The BBR Share Plan

**(Resolution 8)**

"THAT the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of The BBR Share Plan ("**Plan**") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of new Shares issued and to be issued pursuant to the Plan shall not exceed 10% of the aggregated number of issued Shares of the Company (excluding treasury shares) from time to time."

(See Explanatory Note (2))

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Proposed Renewal of the Share Purchase Mandate

**(Resolution 9)**

"THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the share capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
- (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held;
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or
- (iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

- (c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares of the Company (excluding any Shares which are held as treasury shares and subsidiary holdings) as at the date of the passing of this Resolution; and

# NOTICE OF ANNUAL GENERAL MEETING

**"Maximum Price"**, in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined),

where:

**"Average Closing Price"** means the average of the Closing Market Prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

**"Closing Market Price"** means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

**"day of the making of the offer"** means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

**"Market Day"** means a day on which the SGX-ST is open for trading in securities; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Appendix to the Notice of Annual General Meeting (the **"Appendix"**) (including supplements and modifications thereto). Shareholders should refer to the Appendix for information relating to the proposed renewal of the Share Purchase Mandate.

(See Explanatory Note (3))

BY ORDER OF THE BOARD

Chiang Chai Foong  
Company Secretary

Singapore, 15 April 2020

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes to the Notice of Annual General Meeting

- (1) Ordinary Resolution 7 in item 6, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a number not exceeding fifty percent (50%) of the total number of issued shares of the Company (excluding treasury shares), of which up to twenty percent (20%) may be issued other than on a pro rata basis to the shareholders. For the purpose of determining the aggregate number of shares and convertible securities that may be issued, the aggregate number of issued shares is based on the Company's aggregate number of issued shares (excluding treasury shares) at the date of passing of the Resolution after adjusting for new issuance of shares, any subsequent consolidation or subdivision of shares, where applicable. The authority conferred by this Resolution will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.
- 2) Ordinary Resolution 8 in item 7, if passed, will empower the Directors of the Company to grant awards in accordance with the provisions of The BBR Share Plan and to allot and issue shares thereunder provided that the aggregate number of new Shares issued and to be issued pursuant to the Plan shall not exceed ten percent (10%) of the aggregate number of issued Shares of the Company (excluding treasury shares) from time to time. Please refer to the Company's Circular to Shareholders dated 13 April 2010 for further details.
- (3) Ordinary Resolution 9 in item 8, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) up to 10 percent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the "**Shares**") on the terms of the mandate (the "**Share Purchase Mandate**") set out in the Appendix. The authority conferred by this Resolution will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or the date on which purchases or acquisitions of Shares are carried out to the full extent mandated, whichever is the earlier, unless previously revoked or varied at a general meeting.

The Company intends to use the Group's internal resources, or external loans and borrowings or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire the Shares under the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

For illustrative purposes only, the financial effects of purchases or acquisitions of Shares under the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2019, based on certain stated assumptions, are set out in section 2.7 of the Appendix.

## Notes:

- 1.1 A member of the Company who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy.
- 1.2 A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- 2 A proxy need not be a member of the Company. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorized officers or attorney.
- 3 The instrument appointing a proxy or proxies
  - (a) if sent personally or by post, must be deposited at the registered office of the Company at 50 Changi South Street 1, BBR Building, Singapore 486126; or
  - (b) if submitted by electronic communication, must be sent by email to corpcomm@bbr.com.sgnot less than seventy-two (72) hours before the time appointed for holding the meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## Personal Data Privacy:

By attending the Annual General Meeting and/or adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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 member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) 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.

## Measures to be adopted at the Annual General Meeting amid the Coronavirus disease 2019 (COVID-19) situation

Taking guidance from the Ministry of Health's advisories and SGX RegCo, in order to better manage the number of attendees, the following steps will be taken at the meeting.

1. Shareholders, their appointed proxies or representatives who wish to attend the meeting in person are required to pre-register their attendance on the online registration portal by 5.00 p.m. on Friday, 15 May 2020. Any attendees at the meeting without pre-registration will be turned away for their own safety and the safety of other attendees. The registration portal is available on the Company's website at [bbr.listedcompany.com](http://bbr.listedcompany.com)
2. Shareholders, their appointed proxies or representatives and other persons (collectively "**Attendees**") attending the meeting will be required to undergo a temperature screening and submit a health and travel declaration and provide contact details (to facilitate contact tracing, if required) before entering the meeting venue.  
  
Attendees are advised to arrive at the meeting venue early given that the above measures may cause delay in the registration process.
3. In the interest of public health including the well-being of shareholders, the following persons will not be permitted to attend the meeting, :
  - (a) any shareholder or appointed proxy or representative who has been placed on quarantine orders or stay-at-home notice;
  - (b) attendees who are feeling unwell;
  - (c) persons exhibiting flu-like symptoms such as cough and/or runny nose; or
  - (d) those with travel history to certain countries/regions in the specified period preceding the meeting, as announced by the Ministry of Health.  
The Company may at its discretion deny entry to any of the abovementioned persons. It seeks the understanding and cooperation of all Attendees with the precautionary measures put in place.
4. Shareholders may participate in meeting without attending in person, by appointing the Chairman of the meeting (or any other person attending the meeting) to act as proxy and direct the vote at meeting; please submit completed proxy
  - (i) by post to the Company's registered address at 50 Changi South Street 1, BBR Building, Singapore 486126; or
  - (ii) by email to [corpcomm@bbr.com.sg](mailto:corpcomm@bbr.com.sg).
5. To minimise contact between persons, the Company will not be providing coffee tea or food at the AGM.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserve the right to take such precautionary measures as may be required or recommended by the relevant authorities from time to time. The Company may be required to change its Annual General Meeting arrangements at short notice. Shareholders are advised to regularly check SGX's website for any updates.

The Company seeks the understanding and cooperation of all Shareholders to help minimise the risk of community spread of COVID-19.



# BBR HOLDINGS (S) LTD

(Incorporated in the Republic of Singapore)

UEN: 199304349M

## PROXY FORM

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

### Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors who wish to attend and vote at the Annual General Meeting should contact their CPF/SRS Approved Nominee (as may be applicable).

\*I/We \_\_\_\_\_ (Name)

NRICNo./PassportNo./UEN: \_\_\_\_\_ (Identification number) of \_\_\_\_\_

\_\_\_\_\_ (Address)

being a \*member/members of **BBR Holdings (S) Ltd** (the "**Company**"), hereby appoint

Name	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Name	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Twenty-sixth Annual General Meeting of the Company ("**AGM**") as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf at the AGM of the Company to be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Tuesday, 19 May 2020 at 9.30 a.m. and at any adjournment thereof.

\*I/we direct \*my/our \*proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given or in the event of any matter arising at the AGM, \*my/our \*proxy/proxies will vote or abstain from voting at \*his/her own discretion.

No	Resolution relating to	No. of Votes	
		For #	Against #
	<b>Ordinary Business</b>		
1.	Adoption of audited Financial Statements ended 31 December 2019, Directors' Statement and Auditor's Report		
2.	Re-election of Ms Luk Ka Lai Carrie (Mrs Carrie Cheong) as a Director of the Company		
3.	Re-election of Mr. Marcel Poser as a Director of the Company		
4.	Re-election of Mr. Voon Yok Lin as a Director of the Company		
5.	Approval of Directors' Fees of S\$290,000.00 for financial year ended 31 December 2019		
6.	Re-appointment of Auditor and authorise Directors to fix the Auditor's remuneration		
	<b>Special Business</b>		
7.	Authority to allot and issue shares pursuant to the General Share Issue Mandate		
8.	Authority to allot and issue shares pursuant to The BBR Share Plan		
9.	Renewal of the Share Purchase Mandate		

\* Delete where applicable

# If you wish to use all your votes "**For**" or "**Against**", please indicate with an "**X**" within the box provided. Otherwise, please indicate the number of votes.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Total Number of Shares Held in	
(a)	CDP Register
(b)	Register of Members

\_\_\_\_\_  
Signature(s) of the Shareholder(s)/  
Authorised persons of Corporate Shareholder

**Notes:**

1. A member of the Company who is not a relevant intermediary entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the meeting. Such proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding represented by each proxy is specified in the proxy form.
3. A member should insert the total number of shares held.
- 3.1 If the member has shares entered against his name in the Depository Register (as defined in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares.
- 3.2 If the member has shares entered against his name in the Register of Members, he should insert that number of shares.
- 3.3 If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members.
- 3.4 If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
4. A member who is a relevant intermediary entitled to attend, speak and vote at the meeting is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.  
"Relevant intermediary" means
  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

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AFFIX  
STAMP

Company Secretary  
**BBR HOLDINGS (S) LTD**  
50 CHANGI SOUTH STREET 1  
BBR BUILDING  
SINGAPORE 486126

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- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be signed by authorised persons.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporate member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.
8. The duly executed instrument appointing a proxy or proxies
  - (a) if sent personally or by post, must be left at the registered office of the Company at 50 Changi South Street 1, BBR Building, Singapore 486126; or
  - (b) if submitted by electronic means, must be sent by email to corpcomm@bbr.com.sg. at least seventy-two (72) hours before the time appointed for the holding of the meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for the holding of the meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms.

"Personal data" in the proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("PDPA"), which include name, identification number and address of the member, proxy and/or representative appointed by the member.



**BBR HOLDINGS (S) LTD**

Reg. No.: 199304349M

50 Changi South Street 1 BBR Building Singapore 486126  
Tel: 6546 2280 Fax: 6546 2268 [www.bbr.com.sg](http://www.bbr.com.sg)