精砺 DYNA-MAC
beyond your expectations

MOVING FORWARD GAINING GROUNDS

ANNUAL REPORT 2020

CONTENTS

CORPORATE PROFILE

Dyna-Mac is a **global leader in the detailed engineering, fabrication and construction** of offshore FPSO (floating production storage offloading) and FSO (floating storage offloading) topside modules as well as onshore plants and other sub-sea products for the oil and gas industries. Listed on SGX Mainboard and headquartered in Singapore, **Dyna-Mac has yards in Singapore with partnership presence in Malaysia, China, Indonesia and the Philippines**.

VISION & MISSION

A global leader in providing reliable, affordable products and services of unsurpassed quality for the oil & gas industries.

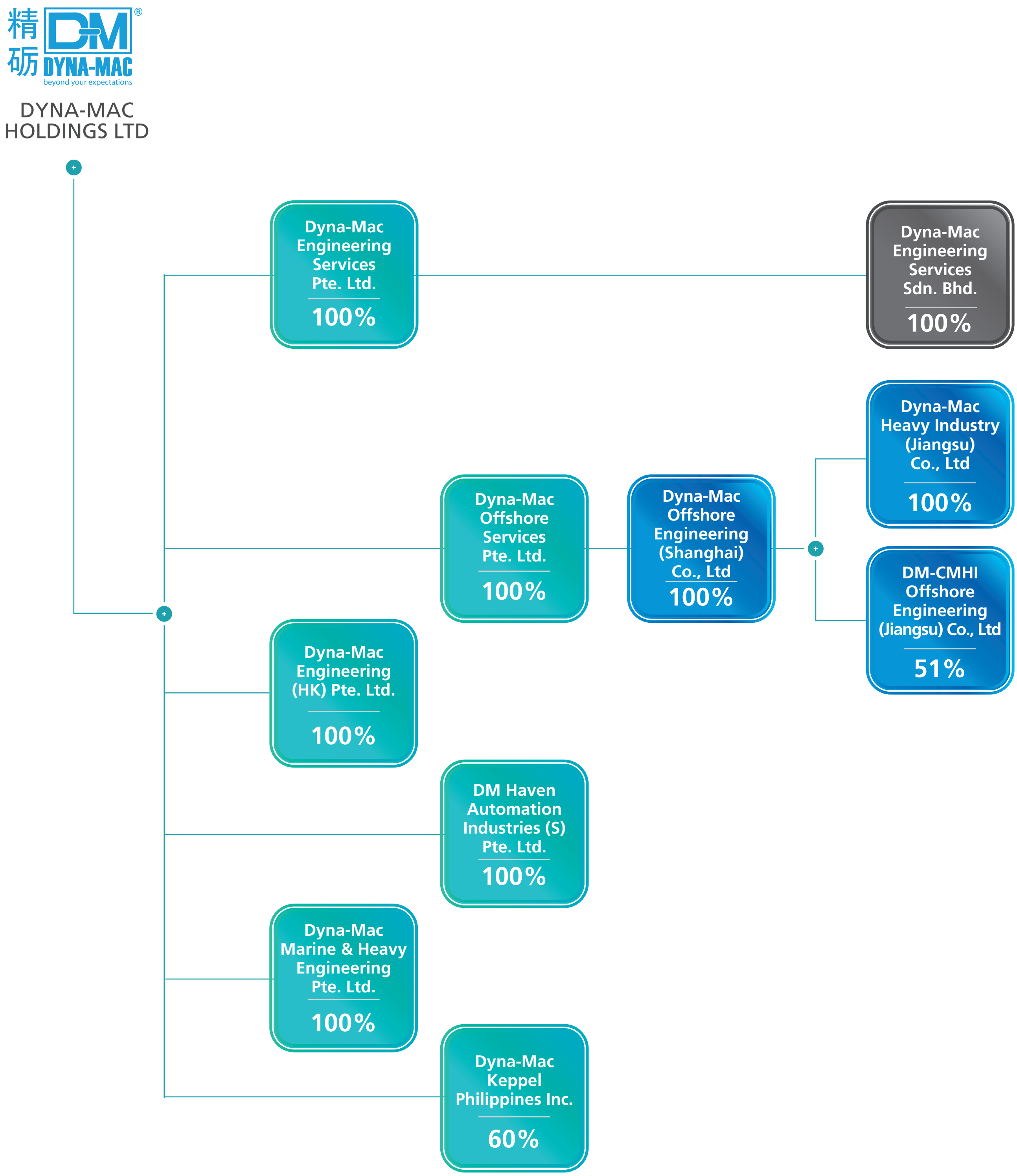
We will achieve this by upholding the highest levels of quality, safety, reliability and service excellence.

CORE VALUES

Our core values support the vision, shape the culture and chart the direction of the Group.

Putting these values into practice creates benefits for customers, employees, partners and the communities we serve.

CORPORATE STRUCTURE



CORPORATE INFORMATION

REGISTERED OFFICE

DYNA-MAC HOLDINGS LTD.
Company Registration Number:
200305693E
59 Gul Road
Singapore 629354
Tel: (65) 6415 0880
Fax: (65) 6862 0516
Website: www.dyna-mac.com

BOARD OF DIRECTORS

Mr Lim Ah Cheng
Chief Executive Officer

Mr Lim Tjew Yok
Chief Operating Officer

Mr Teo Boon Hwee
Chief Marketing Officer
Alternate Director to Ms Lim Rui Ping

Mr Tan Soo Kiat
Lead Independent Director

Dr Ong Seh Hong
Independent Director

Ms Lee Kim Lian Juliana
Independent Director

Mr Henry Tan Song Kok
Independent Director

Ms Lim Rui Ping
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Mr Tan Soo Kiat (Chairman)
Dr Ong Seh Hong
Ms Lee Kim Lian Juliana
Mr Henry Tan Song Kok

REMUNERATION COMMITTEE

Dr Ong Seh Hong (Chairman)
Mr Tan Soo Kiat
Ms Lee Kim Lian Juliana
Mr Henry Tan Song Kok

NOMINATING COMMITTEE

Ms Lee Kim Lian Juliana (Chairman)
Mr Tan Soo Kiat
Dr Ong Seh Hong
Mr Henry Tan Song Kok

BOARD EXECUTIVE COMMITTEE

Mr Tan Soo Kiat
Independent Director

Dr Ong Seh Hong
Independent Director

Ms Lee Kim Lian Juliana
Independent Director

Ms Lim Rui Ping
Non-Independent Non-Executive Director

Mr Henry Tan Song Kok
Independent Director

COMPANY SECRETARY

Ms Liew Meng Ling, ACS, ACIS

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation, Limited
Standard Chartered Bank (Singapore) Limited

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
Audit Partner: Mr Tan Po Hsiong Jonathan
(Appointed since the financial year ended 31 December 2019)

SOLICITOR

RHTLaw Asia

CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

We are focused on optimizing our resources, enhancing capabilities, seizing opportunities and leveraging innovation and technology to position ourselves for the future. We are restructuring to achieve greater efficiencies, increase synergies between departments and provide greater value to our customers.

DEAR VALUED SHAREHOLDERS

FY2020 proved to be another challenging yet exciting year for Dyna-Mac.

The Group loaded out the 9 units of topside modules of FPSO Liza Unity for Single Buoy Moorings Inc., completed the 5 units of skid fabrication of West Barracouta for Subsea 7 Australia as well as CRA Spool fabrication of Tyra Process Platform for McDermott in FY2020.

The following being our order books for FY2021 comprising backlog from FY2019 and FY2020 as well as new project kick-started in first quarter of FY2021.

SN	Project Name	Client	Scope of work	Commencement date	Expected completion date
1	FPSO Liza Unity	Single Buoy Moorings Inc.	Thirteen units of topside module fabrication	1Q2019	2Q 2021
2	FPSO BW Opportunity	Keppel Shipyard Limited	One unit of Accommodation Block fabrication	2Q2019	2Q2021
3	FPSO Mero 2 (Sepetiba)	China Merchant Heavy Industry Holdings Co., Ltd	Three units of topside module fabrication	1Q2020	2Q2021
4	FLNG Golar Gimi	Keppel Shipyard Limited	Three units of pipe rack fabrication	1Q2020	3Q2021
5	2058 Kakinada	APL Norway AS	Geostationary Platform Structure & STP Spool fabrication	1Q2020	2Q2021
6	FPSO Miamte MV34	Keppel Shipyard Limited	Five units of module modication	3Q 2020	2Q 2021
7	FPSO Prosperity	Single Buoy Moorings Inc.	Fifteen units of topside module fabrication	1Q 2021	2Q 2022

CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS



GROWTH

We have incorporated a joint venture company with our partner, China Merchant in China, namely DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. in June 2020. This is a step forward for us in serving our valued customers in China. We started with fabrication of 3 topside modules which will be completing in 1H FY2021.

FINANCIAL PERFORMANCE

Operating at less than full capacity in FY2020 and worsen by the COVID-19 situation, our revenue decreased by 14.1% in FY2020 to $84.0 million as compared to $97.8 million in FY2019. As a result, the Group incurred a net loss of $58.4 million in FY2020 mainly due to under-recovery of direct overheads and various one-off expenses, such of impairment loss of property, plant and equipment and property, plant and equipment written off of $3.1 million and provision for slow-moving inventories of $1.3 million.

DISPOSAL OF NON-CORE ASSETS

The sale of our asset-held-for-sale, 37 and 39 Tech Park Crescent, Singapore for a consideration of $9.5 million has been completed in June 2020. We have also disposed off 2 club memberships for $0.2 million.

We believe that the above disposal is in the best interests of the Group and the Shareholders, as it will enable us to realize the value of the asset-held-for-sale thereby improving our liquidity. This would also allow us to reallocate our resources to improve and optimize the utilization of assets.

We will continue to identify non-core assets for disposal should the realisation value is of the Group's best interest.

DIVIDENDS

The Group's performance has room to improve. Facing unprecedented uncertainty due to the COVID-19 pandemic and after taking into consideration of our losses and the need to conserve cash for working capital, the Board of Directors has recommended not to declare dividends for the financial year ended 31 December 2020.

OUTLOOK AND PROSPECTS

2020 was again a challenging year for the Group, mainly due to the COVID-19 pandemic coupled with the global economic condition. However, the Group strived in client engagement, where we have managed to sign two major FPSO topside modules fabrication/modification contracts, and various variation orders on the contracts carried forward from prior years.

We are seeing stronger project inquiries for both our Singapore and China capacity. The Group is exploring to expand capacity to meet the growing demand.

In additional to FPSO topside modules, Dyna-Mac will go into green energy modules and solution, such as hydrogen, ammonia and LNG fuel, for both onshore and offshore application.

As at date of this report, the Group had a net order book comprising of existing and new projects amounting to $204 million with completion and deliveries extending into 2Q2022. The Group will continue to make every concerted effort to secure new orders as well as maintain effective execution of our existing order book.

SUSTAINABILITY EFFORT

The Group continually look for opportunities to reduce the environmental impact of our operations. During the year, we have implemented energy-saving measures to reduce our energy consumption such as replacement of all workshop lights with energy-efficient LED lights with a saving of 60% energy consumption per light.

Additionally, solar panels installed to all workshop and office building roofs to generate and use clean energy.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to welcome on board Mr Henry Tan Song Kok as Non-Executive, Independent Director of the Group on 1 February 2021.

We are also thankful for the support and patience extended by our stakeholders including our Board of Directors, shareholders, customers, suppliers, contractors, business associates and our dedicated management and staff.

LIM AH CHENG
Chief Executive Officer

OPERATIONS **REVIEW**

PROJECTS DELIVERED IN 2020

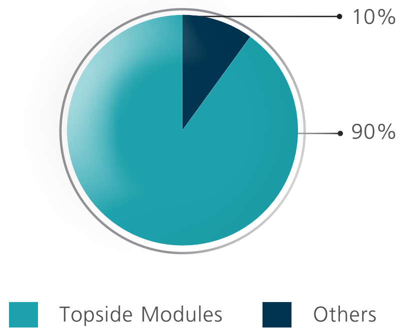
Project Description	No. of modules delivered
TYRA PROCESS PLATFORM CRA Spools Fabrication	1
WEST BARRACOUTA Skids Fabrication	5

PROJECTS WORK-IN-PROGRESS IN 2020/2021

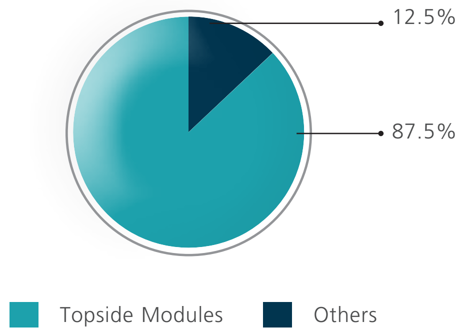
Project Description	No. of modules work-in-progress
FPSO LIZA UNITY Topside Modules Fabrication	13
FPSO BW OPPORTUNITY Accommodation Block Fabrication	1
FPSO MERO 2 (SEPETIBA) Topside Modules Fabrication	3
FLNG GOLAR GIMI Fabrication of Pipe Racks	3
2058 KAKINADA Geostationary Platform Structure Fabrication & STP Spool fabrication	1
FPSO MIAMTE MV34 Modules Modifications	5
FPSO PROSPERITY Topside Modules Fabrication	15

REVENUE CONTRIBUTIONS BY SEGMENTS:

FY2020

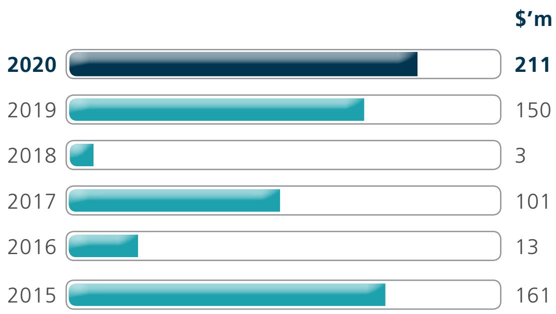


FY2019

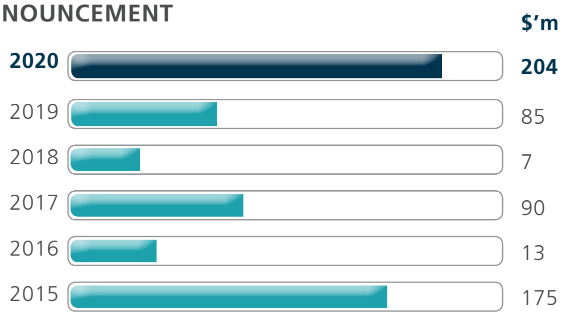


CONTRACTS SECURED VS NET ORDER BOOK

CONTRACTS SECURED



NET ORDER BOOK AT DATE OF FULL YEAR RESULTS ANNOUNCEMENT



OPERATIONS REVIEW

REVIEW OF PERFORMANCE

Our revenue decreased by 14.1% in FY2020 to $84.0 million as compared to $97.8 million in FY2019.

In FY2020, we completed and loaded out 1 unit of CRA spool fabrication for McDermott Asia Pacific Sdn Bhd and 4 skids fabrication for West Barracouta for Subsea 7 Australia Pty Ltd. We have loaded out 9 modules during the year, and the remaining 5 modules in January 2021 of FPSO Liza Unity for Single Buoy Moorings Inc with some carry-over works as of the date of this report. We have also loaded out 1 unit of accommodation block for BW Opportunity Living Quarters for Keppel Shipyard Limited in January 2021.

WORK-IN-PROGRESS

During the year, we have commenced construction of 3 units of topside modules for FPSO Mero 2 (Sepetiba) for China Merchant Heavy Industry Holdings Co., Ltd, 1 unit of geostationary platform structure and STP spool fabrication for 2058 Kakinada for APL Norway AS, 3 units of pipe racks for FLNG Golar Gimi and 5 units module fabrication for FPSO Miamte MV34 for Keppel Shipyard Limited.

All these projects are on-going and are expected to be completed in 2021.

NEW ORDERS SECURED

There is no new order secured in FY2021 yet as of the date of this report, as our net order book is strong with the backlogs and new orders entered into during FY2020. We are looking forward to secure more jobs in the 2H of FY2021, after more of the on-hand jobs completed to free up space and resources for the new orders.

NET ORDER BOOK

Our net order book stands at $204 million with completion and deliveries extending into 2Q2022.

2020 KEY FINANCIALS

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Revenue	84,037	97,841	115,314	33,023*	204,047
Gross (Loss)/Profit	(30,455)	1,692	22,586	(30,260)*	41,835
(Loss)/Profit before tax	(58,447)	(23,970)	1,479	(58,601)*	(18,391)
Net (Loss)/Profit	(58,430)	(23,998)	1,496	(58,033)*	(19,134)
Dividend – Final (cents)	Nil	Nil	Nil	Nil	Nil
BALANCE SHEETS					
Currents assets	94,459	78,766	105,069	99,584*	171,996
Non-current assets	66,859	79,603	56,277	45,338	86,153
Total assets	**161,318**	**158,369**	**161,346**	**144,922***	**258,149**
Current liabilities	111,342	48,116	55,870	40,799*	93,697
Non-current liabilities	26,318	28,637	36	70	1,249
Total liabilities	**137,660**	**76,753**	**55,906**	**40,869**	**94,946**
Net assets	**23,658**	**81,616**	**105,440**	**104,053***	**163,203**
Share capital	145,271	145,271	145,271	145,271	145,271
Other reserves	102	291	130	216*	633*
(Accumulated losses)/retained profits	(122,134)	(64,364)	(40,651)	(42,168)*	15,079*
Non-controlling interest	419	418	690	734	2,220
Total equity	**23,658**	**81,616**	**105,440**	**104,053***	**163,203**
PER SHARE					
(Loss)/Earnings per share – basic (cents)	(5.71)	(2.32)	0.15	(5.59)*	(1.86)
(Loss)/Earnings per share – diluted (cents)	(5.71)	(2.32)	0.15	(5.59)*	(1.86)
Net asset value (cents)	2.31	7.94	10.30	10.17*	15.95
FINANCIAL RATIOS					
(Loss)/Return on equity (%)	(246.98)	(29.40)	1.42	(55.77)*	(11.72)
(Loss)/Return on total assets (%)	(36.22)	(15.15)	0.93	(40.04)*	(7.41)
Current ratio (times)	0.85	1.64	1.88	2.44*	1.84
Gearing ratio (%)	21	16	16	6	18
CONSOLIDATED CASH FLOW STATEMENT					
Net cash flows generated from/(used in) operating activities	20,900	12,500	(24,740)	(1,109)	31,430
Net cash flows generated from/(used in) investing activities	9,366	(206)	(257)	(2,710)	45
Net cash flows (used in)/generated from financing activities	(10,993)	(9,995)	12,856	(28,666)	(48,540)
Cash and cash equivalents	46,219	27,186	24,925	37,088	69,535

* Restated

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OVERVIEW

Revenue

Revenue decreased by $13.8 million or 14.1% from $97.8 million in FY2019 to $84.0 million in FY2020. The decrease was mainly due to slower progress of the projects and small order book. There was no physical progress since end April up to beginning of September as the workers were kept in the dormitory.

Gross (loss)/profit

Gross (loss)/profit declined from $1.7 million gross profit in FY2019 to gross loss of $30.5 million in FY2020. This was mainly due to higher cost to complete the projects as a result of the COVID-19 pandemic.

Other income

Other income increased by $6.1 million from $1.1 million in FY2019 to $7.2 million in FY2020. The increase was mainly due to income recognised from the government grants.

Other expenses

Other expenses decreased by $0.9 million from $4.7 million in FY2019 to $3.8 million in FY2020. The expenses in FY2020 mainly arose from property, plant and equipment written off of $1.6 million, impairment loss of property, plant and equipment of $1.5 million and net foreign exchange loss of $0.6 million. In contrast, the expenses in FY2019 mainly arose from fair value losses on asset held for sale of $3.9 million and net foreign exchange loss of $0.7 million.

Administrative expenses

Administrative expenses increased by $9.1 million or 42.3% from $21.5 million in FY2019 to $30.6 million in FY2020. The increase was mainly due to production salaries and related costs being re-classified from cost of sales during the production stand-down and suspension period, coupled with expected credit losses on trade and other receivables.

Finance expenses

Finance expenses increased by $0.3 million or 43.1% from $0.5 million in FY2019 to $0.8 million in FY2020. The increase was mainly due to interest expenses on bank borrowings.

Income tax (expense)/credit

The Group did not recognise deferred tax asset on carried forward trade losses and capital allowances due to the uncertainty of its utilisation. The income tax credit in FY2020 was due to a tax refund in relation to tax assessments of prior years.

BALANCE SHEETS OVERVIEW

Current assets

Total current assets increased by $15.7 million from $78.8 million as at 31 December 2019 to $94.5 million as at 31 December 2020.

Cash and cash equivalents increased by $19.0 million from $27.2 million as at 31 December 2019 to $46.2 million as at 31 December 2020 mainly due to net cash flows generated from operating activities of $20.9 million and investing activities of $9.4 million and offset by net cash flows used in financing activities of $11.0 million.

Trade and other receivables increased by $3.9 million from $25.4 million as at 31 December 2019 to $29.3 million as at 31 December 2020 mainly due to more advance billings made in 2020.

FINANCIAL REVIEW

Contract Assets increased by $3.6 million from $14.6 million as at 31 December 2019 to $18.2 million as at 31 December 2020 mainly due to timing difference arising from the project progress and the agreed biling milestones with customers.

Assets held for sale decreased by $9.5 million from 31 December 2019 to 31 December 2020 due to disposal of the properties.

Non-current assets

Non-current assets decreased by $12.7 million from $79.6 million as at 31 December 2019 to $66.9 million as at 31 December 2020 mainly due to depreciation of property, plant and equipment and right-of-use assets, property, plant and equipment written off and impairment loss of property, plant and equipment.

Current liabilities

Total current liabilities increased by $63.2 million from $48.1 million as at 31 December 2019 to $111.3 million as at 31 December 2020.

Trade and other payables increased by $20.7 million from $32.3 million as at 31 December 2019 to $53.0 million as at 31 December 2020 mainly due to higher cost to complete due to COVID-19 pandemic and timing difference.

Provision for onerous contracts of $2.1 million as at 31 December 2020 arose from higher cost to complete the projects due to the COVID-19 pandemic.

Contract liabilities increased by $48.2 million from $0.1 million as at 31 December 2019 to $48.3 million as at 31 December 2020 mainly due to advance billings to customers.

Borrowings decreased by $8.3 million from $13.3 million in FY2019 to $5.0 million in FY2020 was due to repayment of bank borrowings.

Non-current liabilities

Total non-current liabilities decreased by $2.3 million from $28.6 million as at 31 December 2019 to $26.3 million as at 31 December 2020 mainly due to decrease in lease liabilities.

Deferred capital and grants income (Current and Non-current) increase by $0.5 million mainly due to deferred government grants.

Lease liabilities (Current and Non-current) decreased by $2.2 million mainly due to repayment of lease liabilities.

CONSOLIDATED CASH FLOW STATEMENT OVERVIEW

The Group registered an increase in cash and cash equivalent of $19.0 million from $27.2 million as at 31 December 2019 to $46.2 million as at 31 December 2020.

Net cash flows generated from operating activities in FY2020 were $20.9 million. This was mainly due to more cash inflow from working capital.

Net cash flows generated from investing activities in FY2020 of $9.4 million mainly due to proceeds of disposal of assets held for sale and proceeds from disposal of club memberships partially offset by additions to property, plant and equipment.

Net cash flows used in financing activities in FY2020 were $11.0 million. This was mainly due to repayment of bank borrowings and lease liabilities.

BOARD OF DIRECTORS

MR LIM AH CHENG

Chief Executive Officer
Executive/Non-Independent Director
Appointed on 1 March 2020

As Chief Executive Officer, Mr Lim oversees the overall organisation, management and marketing of the Group. He is responsible for steering the strategic directions and growth of the Group.

Mr Lim has more than 20 years of extensive working experience in project management, commercial management, yards operations and design engineering in the Oil and Gas Industries. Mr Lim was a Keppel Corporation Scholarship recipient and prior to joining Dyna-Mac, he has held various Senior Management positions in Keppel Offshore and Marine (KOM) group.

Mr Lim obtained his Master of Engineering degree from the National University of Singapore and he is also a member of the Institution of Engineers, Singapore, Society of Naval Architects and Marine Engineers, Singapore and Singapore Institute of Directors.

MR LIM TJEW YOK

Chief Operating Officer
Executive/Non-Independent Director
Appointed on 8 February 2011

Mr Lim is an Executive and a Non-Independent Director. Currently the Chief Operating Officer of Dyna-Mac, Mr Lim joined the Group in 2001. He is responsible for the yard's operations and facilities management, development and maintenance, safety, security, quality assurance, quality control, engineering, procurement and subcontracting, and information technology. Prior to joining the Group, Mr Lim gained valuable engineering experience working for companies including Kailay Engineering and Shin Nippon Air Technologies, where he managed several projects worth between $10 million and $50 million each.

Mr Lim obtained his Diploma in Mechanical Engineering from the Singapore Polytechnic in 1979.

BOARD OF DIRECTORS

MR TEO BOON HWEE

Chief Marketing Officer
Executive/Non-Independent Alternate Director to Ms Lim Rui Ping
Appointed on 12 November 2019

Mr Teo was appointed an Alternate Director to our Late Founder Mr Lim Tze Jong Desmond on 28 June 2011. He is currently appointed as an Alternate Director to Ms Lim since 12 November 2019.

Currently the Chief Marketing Officer of Dyna-Mac, Mr Teo joined the company in 1998 as General Manager in the commercial department and was subsequently promoted to his current position in June 2011. He has more than 27 years of experience in the fields of marketing, sourcing and procurement. He plays an instrumental role in liaising with customers on commercial matters and provides leadership for tenders and customer relationships.

Mr Teo graduated from the University of Aston in Birmingham, UK in 1984 with a Bachelor of Production Technology and Production Management (Honours) degree. He is also a chartered engineer with the Engineering Council in the UK.

MR TAN SOO KIAT

Non-Executive/Lead Independent Director
Chairman, Audit Committee
Appointed on 8 February 2011

Mr Tan was appointed Dyna-Mac's Lead Independent Director on 8 February 2011. He heads the Board's Audit Committee.

Currently a Director of Intergate Pte Ltd, a company engaged in the provision of corporate advisory services, Mr Tan is also a Non-Executive Director of AsiaMedic Limited and a former Independent director of Nam Lee Pressed Metal Industries Limited, both companies listed on the SGX-ST. He has more than 17 years of experience in the banking and finance industry. Prior to setting up his corporate advisory services business in May 2001, Mr Tan was the Chief Operating Officer and Executive Director of Goodpack Limited, a General Manager and Executive Director of Progen Holdings Ltd, Vice President (Finance) of Pacific Century Regional Developments Ltd and Treasurer with the investment banking arm of DBS Bank.

Prior to working in Singapore, Mr Tan was a Senior Internal Auditor and Marketing and Loans Manager with Bank of Western Australia Ltd.

Mr Tan graduated from University of Otago, New Zealand, with a Bachelor of Commerce (Accounting) degree in 1983. He is a member of Chartered Accountants Australia and New Zealand.

BOARD OF DIRECTORS

DR ONG SEH HONG

Non-Executive/Independent Director
Chairman, Remuneration Committee
Appointed on 8 February 2011

Dr Ong was appointed a Director of Dyna-Mac on 8 February 2011. He heads the Board's Remuneration and is a member of the Audit Committee and Nominating Committee.

Currently a practicing Psychiatrist, Dr Ong was the Clinical Director and Chief Operating Officer of the Ren Ci Hospital & Medicare Centre and Vice President (Corporate Services) of GIC Special Investments Private Limited, a unit of the Government of Singapore Investment Corporation. He was a Member of Parliament from 2001 to 2011.

Dr Ong is currently serving as the Independent Non-Executive Chairman of Hock Lian Seng Holdings Ltd, and as Independent Director of Dyna-Mac Holdings Ltd and Zhongmin Baihui Retail Group Ltd which are listed on the Singapore Exchange.

Dr Ong graduated from the National University of Singapore with a MBBS degree in 1987. He obtained a MRCPsych from The Royal College of Psychiatrist (UK) and FAMS from the Academy of Medicine, Singapore, in 1994 and 1997 respectively. He also earned a Master of Science (Applied Finance) degree from the National University of Singapore in 1999.

MS LEE KIM LIAN JULIANA

Non-Executive/Independent Director
Chairman, Nominating Committee
Appointed on 1 June 2018

Ms Juliana Lee was appointed an Independent Director of Dyna-Mac on 1 June 2018. She heads the Board's Nominating Committee and is a member of its Audit Committee and Remuneration Committee.

Juliana is a Director of Aptus Law Corporation, a law firm in Singapore. She has more than 25 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. She also presently serves as an Independent Director on the Boards of Nordic Group Limited, Uni-Asia Group Ltd and Anchor Resources Limited.

Juliana holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Singapore Institute of Directors.

BOARD OF DIRECTORS

MR HENRY TAN SONG KOK

Non-Executive/Independent Director
Appointed on 1 February 2021

Mr Henry Tan Song Kok was appointed as Director on 1 February 2021.

Mr Tan also sits, as an independent director, on the boards of Asia Vets Holdings Ltd, BH Global Corporation Limited, YHI International Limited, companies listed on the SGX, as well as China New Town Development Co. Ltd, a company listed on the Hong Kong stock exchange.

Mr Tan is also the chairman of the Nanyang Business School Dean's Alumni Advisory Board of NTU. He is the Group CEO of Nexia TS and was previously the Asia Pacific Regional Chairman and board member of Nexia International. He is also the chairman of Education Subcommittee on Sustainability Reporting of the ISCA, a member of the ISCA Corporate Reporting Committee, a council member of the ISCA. He was previously on the EXCO & served as Treasurer of Singapore Fintech Association, President of Spirit of Enterprise and President of Entrepreneur Organisation.

Mr Tan holds a Bachelor of Accountancy (Honours) from National University of Singapore. He is a Fellow of the ISCA, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia, Insolvency Practitioners Association of Singapore Ltd, ASEAN CPA and ISCA Financial Forensic Professional Credential. He is also a member of Singapore Institute of Internal Auditors, Singapore Institute of Directors and Singapore Institute of Accredited Tax Professional. He is an Approved Liquidator registered with the Accounting & Corporate Regulatory Authority (ACRA) and a licensed Insolvency Practitioner by Ministry of Law.

MS LIM RUI PING

Non-Executive/Non-Independent Director
Appointed on 12 November 2019

Ms Lim was appointed Dyna-Mac's Non-Executive/Non-Independent Director on 12 November 2019.

Ms Lim has more than 12 years of experience in the fields of business development, corporate management and real estate management. Currently, she is the Managing Director of Prominent Land Pte Ltd, a premier boutique private property developer in Singapore.

Ms Lim graduated from the University of Melbourne, with an Honours Degree in Commerce (Management) in 2007. She obtained her Master of Science in Project Management from the National University of Singapore in 2013.

SENIOR MANAGEMENT

MR LIM AH CHENG
Chief Executive Officer and Executive Director
Master of Engineering, National University of Singapore
Member, Institution of Engineers, Singapore
Member, Society of Naval Architects and Marine Engineers, Singapore
Member, Singapore Institute of Directors

MR TEO BOON HWEE
Chief Marketing Officer and Executive Director
Bachelor of Production Technology and Production Management (Honours), University of Aston, Birmingham, UK

MR LIM TJEW YOK
Chief Operating Officer and Executive Director
Diploma in Mechanical Engineering, Singapore Polytechnic

MR JERALD LEE QUAN TI
Group Financial Controller
Bachelor of Arts (Hons) in Business Administration (majoring in Accounting), Coventry University, UK
International Executive Program, INSEAD, France & Singapore

SENIOR MANAGEMENT

MS CHONG SWEE LEE
Senior Vice-President
(Human Resource, Administration & Group Payroll)
Bachelor of Business Administration,
National University of Singapore
Professional Member, Singapore Human Resource Institute

MR TAN SENG CHEH
Vice President, Procurement, Subcontracting and Quantity Surveying
Technician Diploma in Mechanical Engineering from Singapore Polytechnic
Certificate in Contract Management from The Singapore Institute of Purchasing & Materials Management

MR IAN CHIN WOON KWONG
Vice-President (Commercial)
Bachelor of Engineering in Aeronautical Engineering,
The Queen's University, Northern Ireland, UK
Master of Business Administration,
University of Leicester, UK

SUSTAINABILITY OVERVIEW

BOARD STATEMENT

At Dyna-Mac, sustainability means building businesses that deliver long-term shareholder value and growth. In order to achieve this, we aim to adopt a disciplined and accountable approach founded on high standards of corporate governance and integrity.

The Board of Directors ("Board") incorporates long-term consideration of environmental, social and governance ("ESG") issues when formulating Dyna-Mac's sustainability strategies. In doing so, we strive to create value for our shareholders, as well as customers, employees, suppliers, contractors, partners and the communities in which we operate in.

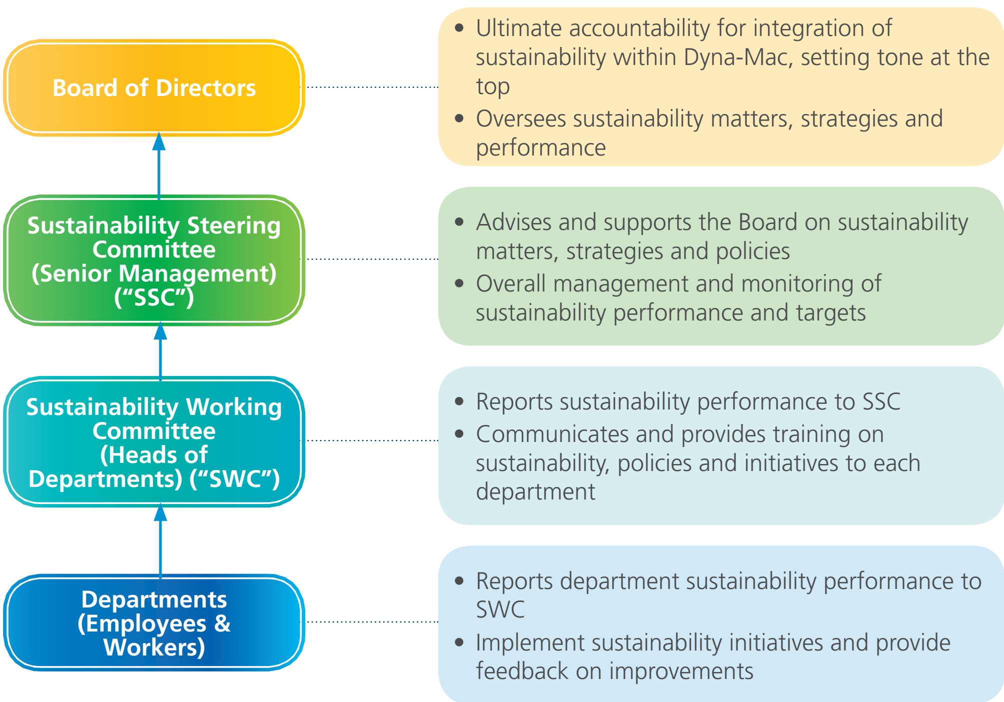
In the process of formulating our sustainability report, the Board recognises the importance of sustainability practices and how it can benefit our business operations and performance, and oversees the identification of ESG material topics that are pertinent to our business and aligns with our long-term business targets.

OUR APPROACH

Sustainability Leadership

At Dyna-Mac, sustainability leadership starts with a tone at the top. We believe that every individual in Dyna-Mac plays an important role in ensuring that sustainability is embedded deeply within everything we do. To that end, we have taken steps to put in place a systematic monitoring and reporting process.

We are committed to conduct our business in a responsible and sustainable manner. A Sustainability Steering Committee comprising senior management was set up to drive sustainability efforts within the Group. It is supported by a Sustainability Working Committee comprising the various heads of department who gather and verify the performance data, as well as introduce initiatives to drive the management of our material issues.



SUSTAINABILITY OVERVIEW

Stakeholder Engagement

Dyna-Mac constantly strives to create value for all our stakeholders. Regular engagement is critical for us to understand their needs and key concerns so that we can work towards addressing them.

Effective stakeholder engagement is critical to ensuring Dyna-Mac's continued success as it allows us to be responsive to their evolving needs. We interact with them regularly and a summary of their key interests and the Company's engagement approach are presented in the table below.

Dyna-Mac's Stakeholder Engagement

Key Stakeholder Groups	How we engage them?	What are their key concerns?
Employees	• Meetings, calls and conferences • Interviews and surveys • Trainings and courses • Newsletters and campaigns • Policies and procedures • Appreciation dinners and other festive events	• Vision, strategy and direction • Training and development • Occupational health and safety • Equal opportunities • Fair remuneration and progression • Job stability
Customers	• Meetings, calls and conferences • Site visits • Feedbacks channels	• Product and service quality • Innovation • Occupational health and safety
Investors	• Dedicated Investor Relations • Annual General Meetings, meetings, calls, conferences • Annual Reports • Financial information, SGX announcements and circulars • Corporate website	• Vision, strategy and direction • Economic performance • Corporate governance
Vendors	• Meetings, calls and conferences • Interview and surveys • Site visits • Trainings and courses	• Occupational health and safety • Corporate governance • Compliance
Communities	• Corporate website • Annual Reports • SGX announcements • Community involvement activities	• Social responsibility and impact • Environmental impact (Air, Water, Waste, Noise etc.)
Government and Regulators	• Meetings, calls and briefings • Site visits • Industry networking functions	• Corporate governance • Compliance • Socioeconomic, environmental impact • Business collaboration and investment • Sharing of industry best practices

SUSTAINABILITY OVERVIEW

Materiality Assessment

Prioritising sustainability topics is a critical process for us as it sets out the areas that we must focus on as an organisation. It also enables us to systematically report on matters that impact Dyna-Mac and its stakeholders most. To do that, our Sustainability Steering Committee embarked on a formalised Materiality Assessment process in 2017.

In 2017, a materiality assessment workshop was held to identify significant sustainability matters that impact our business activities and its external stakeholders. Arising from the exercise, the Board and Management determined five key sustainability matters to be of highest priority to the Group's sustainability risks and opportunities and the Board is satisfied with the relevance of the selected matters to its business strategy and performance.

A IDENTIFICATION AND ANALYSIS

We work closely with an independent team of sustainability consultants on a list of potential sustainability matters identified through:

- Analysis of trends and developments pertinent to Dyna-Mac and the industry it operates in
- Analysis of commonly reported sustainability matters amongst Dyna-Mac's peer groups and leading reporters in Singapore
- Internal stakeholder interviews and focus group discussions with members of our Sustainability Steering Committee

B EVALUATION AND PRIORITISATION

Members of our Sustainability Steering Committee individually evaluated the list of potential sustainability matters and participated in a formalised Materiality Assessment workshop.

An anonymous electronic voting exercise was conducted to prioritise the sustainability matters that are deemed significant to both Dyna-Mac and its external stakeholders

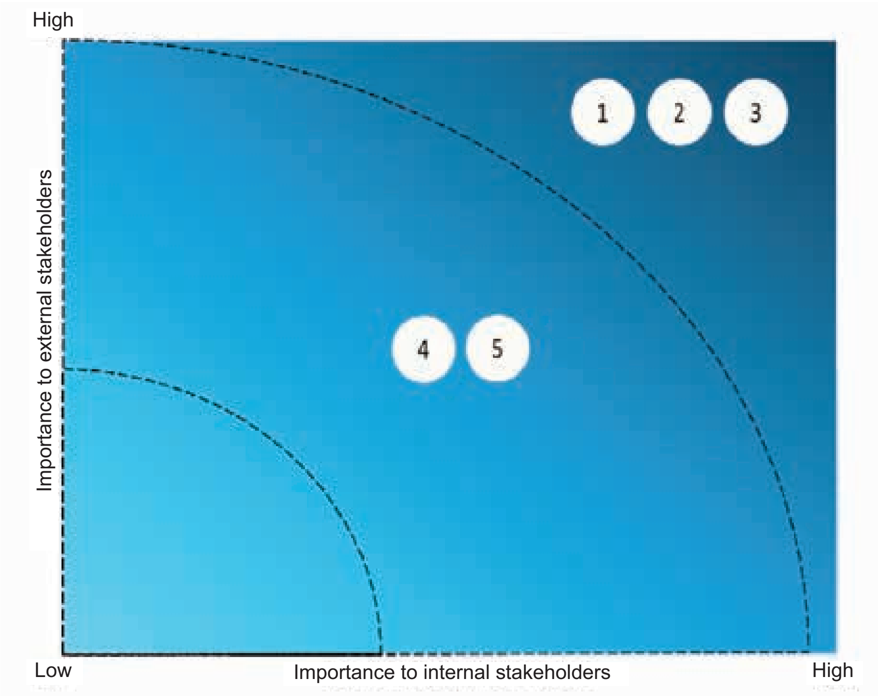
C VALIDATION AND ASSIMILATION

Our Sustainability Steering Committee reviewed Dyna-Mac's Materiality Matrix and selected 5 key sustainability matters ranked as significant to both Dyna-Mac and its external stakeholders, for reporting.

The process and the results were presented to Dyna-Mac's Board of Directors for their validation and approval.

SUSTAINABILITY OVERVIEW

The following are the material factors identified and prioritized:



No.	Material Sustainability Matter	Category	Mapped GRI Standards Topics
1	Corporate governance	Governance	GRI 102: General Disclosure (Governance) GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance GRI 205: Anti-Corruption
2	Fair employment practices	Social	GRI 401: Employment GRI 404: Training and Education GRI 406: Non-discrimination
3	Health and safety	Social	GRI 403: Occupational Health and Safety
4	Energy and carbon footprint	Environment	GRI 302: Energy GRI 305: Emissions
5	Waste and effluents management	Environment	GRI 306: Effluent and Waste

ABOUT THE REPORT

Dyna-Mac demonstrates our commitment to its second sustainability report for the period 1 January 2020 to 31 December 2020 ("FY2020") and shall publish its report by May 2021. The report will focus on our sustainability strategies and covers our ESG performance across our operations in Singapore for FY2020.

In line with the Company's commitment to environmental sustainability, no hardcopies of this report have been printed. The report can be viewed on our website: http://www.dyna-mac.com/sustainability/sustainability-reports/.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Dyna-Mac Holdings Ltd. (the "Company") is strongly committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). The board of directors of the Company (the "Board") recognises the importance of good corporate governance and the offering of high standards of accountability to the shareholders.

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "2018 Code") issued on 6 August 2018.

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 aims to protect and enhance shareholders' value and to ensure long-term success of the Group. In addition to its statutory duties, the Board focuses on:–

a. providing entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

b. establish a framework of prudent and effective controls which enables risk to be assessed and managed;

c. review the Management performance; and

d. set the Company's core values and standards and ensure that obligations to shareholders and stakeholders are understood and met.

CORPORATE GOVERNANCE

To fulfill its role, the Board would carry out the following activities regularly:–

a. reviewing and approving corporate strategies, financial plans including any investments and divestments;

b. monitoring and reviewing the performance of the business and annual budgets;

c. approving the release of the financial results and annual reports of the Group to shareholders;

d. providing guidance in the overall management of the business and affairs of the Group;

e. reviewing and approving the recommended remuneration framework and packages for the Board and key management personnels;

f. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct; and approving the nominations to the Board of Directors by NC.

The Board has adopted a set of explicit guidelines on matters that require its approval. Matters of strategic importance that require Board approval include:

- The Group's strategic plans
- The Group's annual operating plan and budget
- Full-year, half-year and quarterly financial results
- Dividend policy and payout
- Issue of shares
- Board succession plans
- Succession plans for Senior Management, including appointment of and compensation for Group CEO
- Underlying principles of long-term incentive schemes for employees
- Acquisitions and disposals of investments exceeding material limits
- Capital expenditures exceeding certain material limits

Board Meetings

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcements of the Group's quarterly results. Ad-hoc meetings will be convened from time to time as warranted by circumstances to discuss and update on matters including the development of major investments, strategic plans, evaluating the adequacy of internal controls, risk management and brainstorm on strategic decisions and governance issues. Directors are also invited to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

All Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors. The Non-Executive Directors and Independent Directors set aside time for discussion without the presence of Management at least once a year. Board meetings may include presentations by senior executives and/or external consultants. The Board meets at least 4 times a year and on an ad-hoc basis as warranted by particular circumstances.

The number of Directors and Board Committees meetings and the record of attendance of each Director during the financial year ended 31 December 2020 ("FY2020") are as follows:

Name	Board Meeting		Audit Committee		Nominating Committee		Remuneration Committee		Shareholders' Meeting	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Lim Ah Cheng(1)	7	5	4	3*	1	–	2	–	1	1
Lim Tjew Yok	7	7	4	4*	1	1*	2	1*	1	1
Dr Ong Seh Hong	7	7	4	4	1	1	2	2	1	1
Teo Boon Hwee(2)	7	6	4	3*	1	1*	2	1*	1	1
Tan Soo Kiat	7	7	4	4	1	1	2	2	1	1
Lee Kim Lian Juliana	7	7	4	4	1	1	2	2	1	1
Lim Rui Ping	7	7	4	4*	1	1*	2	1*	1	1
Chor How Jat(3)	7	6	4	3	1	1	2	2	1	–

*Attended by invitation

(1) Lim Ah Cheng was appointed 1 March 2020.

(2) Teo Boon Hwee is the alternate director to Lim Rui Ping.

(3) Chor How Jat resigned on 28 August 2020.

CORPORATE GOVERNANCE

The Company permits Directors to attend meetings by way of telephone or video conference under its Constitution. Directors who are unable to attend a Board meeting are provided with briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with Chairman or the Group CEO. The Board and Board committees may also make decisions by way of circulating resolutions.

Access to Information

Management recognizes that the provision of complete, adequate and timely information on an ongoing basis to the Board is essential for them to make informed decisions and discharge their duties and responsibilities. These information may also be in the form of briefings to the Directors or formal presentations made by the Executive Directors or Senior Management staff in attendance at Board meetings. From time to time, they are furnished with information concerning the Group to enable them to be informed of the development and performance of the Group's business operations. To allow Directors sufficient time to prepare for the meetings, board papers are provided in advance to the Directors to allow adequate time for their preparation for the meetings in order to focus on questions and issues which they may have at the meetings.

In addition, Board members have separate and independent access to the Company Secretary and Senior Management of the Company. The Company Secretary is present at all formal meetings and when required to answer any query from Directors and ensures adherence to meeting procedures applicable rules and regulations. The Company Secretary assists the Chairman, the Chairperson of each Board committee and Management in the development of the agendas for the various Board and Board committee meetings. The appointment and the removal of the Company Secretary is subject to the Board's approval.

Where decisions to be taken by the Board require independent professional advice in furtherance of their duties, the Company will appoint professional advisors with costs borne by the Company.

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 decision in the best interests of the company.

As at 31 December 2020, the Board comprises six Directors – two Executive Directors, three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Non-Independent Non-Executive Director has appointed an Alternate Director. The Board is supported by various sub-committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board comprises expertise and competencies from varied fields to complement and reinforce its effectiveness in both the aspect of leading and control as well as bringing valuable experience and advice to contribute to the Group's operations. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The profile of each of the Directors is disclosed in this Annual Report on page 11 to page 14.

Directors are required to act in good faith and in the interests of the Company. All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction and policies as well as their statutory and other duties and responsibilities as Directors.

A new director as well as existing directors will be briefed by the Chief Executive Officer ("CEO") and Senior Management on a regular basis on the development and performance of the Company. The Directors may participate in seminars and/or discussion groups to keep abreast of the latest development which are relevant to the Group. The Directors can sign up and attend appropriate courses, seminars and conferences as well as relevant subscriptions for journals, newsletters or online induction programmes. New Directors without listed company experience would attend programmes run by the Singapore Institute of Directors or other training institutions.

Independence

As at 31 December 2020, the Board comprises three Independent Non-Executive Directors. They are Mr Tan Soo Kiat, Dr Ong Seh Hong and Ms Lee Kim Lian Juliana. The Board, taking into account the views of the NC, assesses the independence of each Director in accordance with the guidance in the 2018 Code and the listing rules of the Exchange. A Director is considered independent if he 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 his independent business judgement in the best interests of the Company. Such relationships include (i) the employment of a Director by the Company, any of its related corporations for the current or any of the past three financial years (ii) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee (iii) a director who has been a director on the Board for an aggregate period of more than nine years (iv) a director, or a director whose immediate family member, in the current or

CORPORATE GOVERNANCE

immediate past financial year, provided to or received from the company any of its subsidiaries any significant payments or material services, other than compensation for board services (v) a director or a director whose immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a partner, or an executive officer of, or a director of, any organization which provided or received from the company or any of its subsidiaries any significant payments or material services (vi) a director who is or has been directly associated with a substantial shareholder of the company in the current or immediate past financial year.

Based on the declarations of independence provided by the Directors and taking into account of the guidance in the 2018 Code, the Board has determined that other than Mr Lim Ah Cheng and Mr Lim Tjew Yok who are the Executive Directors, Ms Lim Rui Ping and her alternate director, Mr Teo Boon Hwee as well as Mr Chor How Jat who was a Non-Executive Non-Independent Director, all other members of the Board are considered to be independent Directors during the financial year ended 31 December 2020.

As both Mr Tan Soo Kiat and Dr Ong Seh Hong have served more than 9 years, the Board performed a specific and rigorous review of their independence as required by the Code. Pursuant to the review, the Board (with the recommendations from the Nominating Committee) is of the view that both independent directors have engaged the Board in constructive discussion, their contributions are relevant and reasoned, and both Directors have exercised independent judgement. In coming to this view, the Board ensures that the other criteria of independence as set out in the Code are met and evaluates their demonstration of independence in character and judgement through the many discussions the Board had over matters and issues concerning the Group in both formal and informal settings. Both have consistently expressed constructive viewpoints, objectively raise issues, and demonstrated strong spirit of professionalism and independent mindedness in conduct at board and other meetings. The Board considers each of Mr Tan Soo Kiat and Dr Ong Seh Hong independent even though both have served on the Board for more than 9 years from the date of each of their first appointment. Mr Tan Soo Kiat and Dr Ong Seh Hong have each abstained from the NC's and Board's deliberations and decisions on their respective independence. Mr Tan Soo Kiat has indicated that he wishes to retire from the Board and will not seek for re-election at the forthcoming Annual General Meeting. Dr Ong Seh Hong, who was appointed on 8 February 2011 has served the Board beyond 9 years would not be seeking approval from shareholders in accordance with the Listing Rule 210(5)(d) and will step down from the Board by 31 December 2021.

Diversity

The Company is committed to achieving board diversity and had in its policy and practices to incorporate a balance of skill, knowledge, experience, background, gender, age and ethnicity in the review of Board composition. The objective of board diversity is to promote the inclusion of different perspectives, ideas and ensure that the Company could benefit from all available talent. Currently, the Company has two female Directors and the Board comprises directors with age diversity with core competencies in the area of finance, accounting, legal, business, management and relevant industry knowledge, as well as familiarity with regulatory requirement and experience in risk management, audit and internal controls.

Conflict of Interest

The Board puts in place a code of conduct and ethics throughout the organization to ensure proper accountability within the Company. An appropriate tone-from-the-top and desired organization culture is practiced. Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict with the interests of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interests by sending a written notice setting out the details of the interest and conflict to the Secretary and/or the Chairman and the notice will be tabled at the meeting of the Directors for noting and discussion, where necessary. The director concerned will recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

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 Chairman is responsible for, among other statutory duties:

a. Setting agenda and directing meetings of the Board;

b. Ensuring that the performance of the Board is evaluated regularly, and guides the development needs of the Board;

c. Ascertaining that Board papers or information that were prepared by the Management or Executive Directors to the Board members are adequate for their review and objective judgment;

d. reviewing all announcements prior to its release via SGXNet;

CORPORATE GOVERNANCE

e. exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board as well as between the Company and shareholders;

f. assisting in ensuring compliance with the guidelines on corporate governance; and

g. fostering constructive dialogue between shareholders, the Board and Management at AGM and other shareholders meetings.

The Chief Executive Officer is responsible for making strategic plans and setting business objectives for the Company, ensuring the profitability of such plans, and focuses on generating revenues and maintaining profitability of the Company.

Mr Tan Soo Kiat has been appointed as the Lead Independent Director to our Board. As the Lead Independent Director, he is the contact person for shareholders in situations where there are concerns or issues in which communications with the Chairman and the Management had failed to resolve or where such communication is inappropriate.

The Company does not currently have a Chairman to permanently carry out the role of the Chairman. The Directors will choose one of their members to be the Chairman of board meetings and general meeting.

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 Board has established a Nominating Committee to make recommendations to the Board for a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of Board.

As at 31 December 2020, the NC comprises three Independent Non-Executive Directors, namely Ms Lee Kim Lian Juliana (Chairperson), Mr Tan Soo Kiat and Dr Ong Seh Hong.

The responsibilities of the NC are:

a. to determine the criteria and review all nominations for the appointment or re-appointment of members of the Board of Directors, the CEO of the Company; members of the various Board Committees, for the purpose of proposing such nominations to the Board for its approval;

b. to determine annually the independence of the Independent Directors;

c. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

d. to decide whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company particularly when the Director has multiple Board representations;

e. to assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness to the Board; and

f. to review training and professional development programs for the Board.

The procedures and criteria to select a Director are as follows:

a. the NC evaluates the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with the Management, prepares a description of the roles, essential and desirable competencies for a particular appointment;

b. the NC identifies the need for a new Director taking into consideration the appropriate number of Directors to allow for effective decision-making;

c. the NC identifies potential candidates who may fill the role, taking into considerations factors such as:

- complementary to the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences;
- value-add to the Board in terms of the skills, knowledge and expertise required by the Group; and
- ability to commit the necessary time to their position;

d. the NC conducts formal interviews of short listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required;

e. the NC makes recommendations to the Board for approval; and

f. the Board approves the appointment and ensures that the announcement is made accordingly.

The NC is also charged with the responsibility of re-nomination, having regard to the Directors' contribution and performance (such as attendance, preparedness, participation and candor), with reference to the results of the assessment of the performance of the individual Director by his peers for the previous financial year.

CORPORATE GOVERNANCE

The Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). It also provides that a newly appointed Director must retire and submit himself for re-election at the forthcoming AGM following his appointment. The NC has reviewed the multiple directorships disclosed by each director of the Company and was of the view that for the role expected of each Director, the existing various directorships of the respective Director has not impinged on his ability to discharge his duties.

Process for Selection and Appointment of New Directors

The NC conducts annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing director, the Nominating Committee re-evaluates the Board composition to assess the competencies for the replacement and submits its recommendations to the Board for approval.

A set of criteria has to be determined by the NC to assess all new appointments and the following are some of the criteria generally used:

(a) knowledge and expertise;

(b) integrity;

(c) independent mindset;

(d) ability to commit time and effort to carry out duties and responsibilities effectively; and

(e) past achievements and value-add to the company.

Search

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and Management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

Selection

The NC will shortlist candidates and conducts formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Summary of NC's activities in 2020

(a) Reviewed the Board's composition and size, Director's tenure, competencies and outside commitments, Board and Committee education and nomination of directors for re-election;

(b) Reviewed the major themes arising from the annual Board and Board Committees performance review process and considered whether any aspects of the Board's oversight framework could be strengthened;

(c) Reviewed the Director's independence criteria and assessment process; and

(d) Led in the process and work with the Board and Management in the identification, selection and appointment of a new CEO.

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.

The NC undertakes a review process where the performance and effectiveness of the Board as a whole, Board Committees and the contribution by individual Directors to the Board are assessed and evaluated. On an annual basis, the Company Secretary assists the NC in the evaluation process, by sending out questionnaires to the Directors for evaluation of the Board and its Board Committees. All Directors are required to complete evaluation questionnaires on matters such as Board composition, Board and Board Committees' processes, Board and Board Committees' effectiveness and training, and standards of conduct of Board Members. The findings from this evaluation are presented to the NC and Board for discussion to facilitate improvements to Board practices.

Given the background, experience, expertise as well as the length of service and the continual contribution of each of the Director in the Company, the evaluation of individual director performance is performed by way of discussion at the NC meeting for directors that are due for re-election in order for a recommendation to be made to the Board for their re-election. Matters such as their attendance record, intensity of participation, maintenance of independence, quality of interventions and articulation of thoughts and compliance with corporate governance practices would be considered. In the process, NC will assess the performance of individual directors in their respective roles such as Chairman, CEO, Executive Director, Non-Executive Director and Independent Non-Executive Director.

CORPORATE **GOVERNANCE**

NC ensures that directors are able to and are adequately carrying out their duties. Where Directors hold other Board directorships and commitments, NC performs a qualitative assessment of the Directors' effective contribution. NC is satisfied that these Directors have allocated sufficient time and resources to the affairs of the Company and are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits. Based on the overall assessment for FY2020, the Board was effective as a whole.

Key information on the Directors including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board Committees, date of first appointment and last re-election, is set out on Table A on page 36 of the Annual Report.

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 personnels. No director is involved in deciding his or her own remuneration.

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 Senior Management.

The functions of RC include as follows:

i. to review periodically and recommend to the Board for endorsement a framework of remuneration policies to attract, retain and motivate Senior Management of the required competency to manage the Group to achieve better performance of the Group;

ii. to review and recommend the specific remuneration package for each director and Senior Management including Directors' fees, salaries, allowances, variable bonuses, annual wage supplement, share based incentives and awards, benefits-in-kind and termination payments;

iii. to administer long term performance incentive schemes;

iv. to perform annual review of the remuneration of employees related to Directors or are employed in managerial positions to ensure that their remuneration packages are in line with our staff remuneration and level of responsibilities; and

v. to review the renewal of service agreements of Executive Directors and Senior Management to ensure that all aspects of remuneration including termination terms, compensation commitments and notice periods for termination are fair and reasonable.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Amongst other things, this helps the Company to stay competitive in its remuneration packages. For FY2020, the RC did not require the service of any external consultants.

As at 31 December 2020, the RC comprises three Independent Non-Executive Directors namely Dr Ong Seh Hong (Chairman), Mr Tan Soo Kiat, and Ms Lee Kim Lian Juliana.

No director participates in the deliberation of his/her own remuneration packages and shall abstain on voting on any resolutions pertaining to their remuneration.

Summary of RC's activities in FY2020

a) Reviewed the service terms of the CEO

b) Reviewed the remuneration level for Independent Non-Executive Directors

c) Agreed with the remuneration packages for the Executive Directors and Senior Management

Level and Mix of Remuneration Principle

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

The RC administers the performance related compensation of the Senior Management and Executive Directors. An appropriate proportion of the Executive Directors and Senior Management's remuneration is structured so that their rewards are linked to performance of the Group and individual key performance.

The RC is responsible for the administration of the Company's Dyna-Mac Employee Share Award Scheme and Dyna-Mac Share Option Scheme, both of which were approved at an Extraordinary General Meeting on 16 February 2011 ("2011 Incentive Schemes"). The Incentive Schemes are designed to complement each other in our Company's efforts to reward, retain and motivate employees to achieve

CORPORATE GOVERNANCE

better performance. The RC will determine and approve the allocation of the share options and awards, the date of grant and the price. There were no awards of shares nor options granted under the 2011 Incentive Schemes.

The 2011 Incentive Schemes have exceeded its duration of 10 years. In order to continue to provide an opportunity for employees and Executive Directors to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed to the success and development of the Company and the Group, the Company will be seeking shareholders' approval to implement a new Dyna-Mac Share Option Scheme 2021 and Dyna-Mac Share Award Scheme 2021.

Executive Directors do not receive director's fees and is paid a basic salary and a variable component which is the annual bonus, based on performance of the Group as a whole and their individual performance. Executive Directors are eligible to participate in the Incentive Schemes. There are no termination, retirement and post-employment benefits granted under the contracts of service of the Executive Directors and Senior Management employees. Adjustments to the remuneration package of an Executive Director are subject to review and approval by the RC and the Board. The Board and Management have accepted RC's recommendation on appropriate contractual provisions for new service agreements and at the renewal of the respective service contracts of the Executive Directors and key management personnels for the Company to reclaim incentive components in certain exceptional circumstances.

The Non-Executive Directors have no service contracts and are paid Directors' fees, the amount of which is dependent on their level of contribution, taking into account factors such as effort, time spent and responsibilities. The Chairman of each Board committee is paid a higher fee compared with members of the committee in view of greater responsibility carried by that office. The amount of Directors' fees payable to Non-Executive Directors is contingent upon shareholders' approval at the Company's annual general meeting.

The framework of Directors' fee is as follows:

Basic Directors' Fee	**$**
Base Director Fee	$30,000
AC Chair	$40,000
AC Member	$10,000
RC Chair	$20,000
NC Chair	$20,000
RC/NC Member	$2,000

CORPORATE GOVERNANCE

Disclosure of 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.

Due to the confidentiality and sensitivity of remuneration packages, it is in the interest of the Group to disclose remuneration of the directors and key management personnels in bands of $250,000 rather than full.

Although the 2018 Code recommends full disclosure of the remuneration of each individual director and CEO, the Company needs to consider the commercial sensitivity and confidentiality attached to remuneration matters in a highly competitive industry. As such, the Company discloses the actual remuneration paid to each director and the CEO in a narrow band of $100,000 to improve transparency. The following table sets out the breakdown of the remuneration of the Directors for the financial year ended 31 December 2020.

Name of Directors	Remuneration Band	Share-Based Remuneration	Salary	Bonus	Other Benefits	Directors' Fee	Total
Lim Ah Cheng(1)	$300,000 to $400,000	NIL	87%	7%	6%	NIL	100%
Lim Tjew Yok(2)	$400,000 to $500,000	NIL	93%	7%	NIL	NIL	100%
Teo Boon Hwee(3)	$300,000 to $400,000	NIL	93%	7%	NIL	NIL	100%
Tan Soo Kiat(6)	Below $100,000	NIL	NIL	NIL	NIL	100%	100%
Dr Ong Seh Hong(6)	Below $100,000	NIL	NIL	NIL	NIL	100%	100%
Lee Kim Lian Juliana(6)	Below $100,000	NIL	NIL	NIL	NIL	100%	100%
Chor How Jat(4) (6)	Below $100,000	NIL	NIL	NIL	NIL	100%	100%
Lim Rui Ping(5) (6)	Below $100,000	NIL	NIL	NIL	NIL	100%	100%

Notes
(1) Lim Ah Cheng was appointed on 1 March 2020.
(2) Lim Tjew Yok is the uncle of Lim Rui Ping and brother-in-law of Teo Boon Hwee.
(3) Teo Boon Hwee is the brother-in-law of Lim Tjew Yok and uncle-in-law of Lim Rui Ping.
(4) Chor How Jat resigned on 28 August 2020.
(5) Lim Rui Ping is the niece of Lim Tjew Yok and niece-in-law of Teo Boon Hwee.
(6) The NEDs accepted a fee reduction to support the Group in FY2020 due to the impact COVID-19 pandemic.

CORPORATE GOVERNANCE

The remuneration of the top five key management personnels (who are not Directors or the CEO) in the bands of $250,000 with a breakdown of the key components are shown in the table below:–

Key Management Personnels	Salary	Bonus	Other Benefits	Total
$250,000 to $500,000				
Tiong Sai Lan[1]	94%	6%	NIL	100%
Below $250,000				
Ian Chin Woon Kwong	93%	7%	NIL	100%
Chong Swee Lee	93%	7%	NIL	100%
Jerald Lee Quan Ti[2]	87%	7%	6%	100%
Tan Seng Cheh[3]	92%	8%	NIL	100%

(1) Tiong Sai Lan resigned on 30 June 2020.
(2) Jerald Lee Quan Ti joined on 16 April 2020.
(3) Tan Seng Cheh joined on 26 May 2020.

For FY2020, the aggregate total remuneration paid to key management personnels (who are not Directors or the CEO) amounted to $1,074,998.

The remuneration of employees who are immediate family members of directors, the CEO or a substantial shareholder of the Company and whose remuneration exceeds $100,000 during the year is shown in the table below:

Employees and relationship with Director	Remuneration Band	Salary	Bonus	Other Benefits	Total
Lim Tjew Yok[1]	$400,000 to $500,000	93%	7%	NIL	100%
Teo Boon Hwee[2]	$300,000 to $400,000	93%	7%	NIL	100%

(1) Lim Tjew Yok is the uncle of Lim Rui Ping and brother-in-law of Teo Boon Hwee.
(2) Teo Boon Hwee is the brother-in-law of Lim Tjew Yok and uncle-in-law of Lim Rui Ping.

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.

The Board is responsible for overseeing risk management and ensuring that a sound system of internal controls is in place to safeguard the shareholders' investments and the Company's assets. The Company's internal controls and risk management systems provide reasonable assurance against foreseeable events that may adversely affect the Company's business objectives. However, the Board acknowledges that no internal controls and risk management systems can preclude the occurrence of material misstatements, poor judgement in decision-making, human error, losses, frauds and irregularities. The Company recognizes the importance of balancing risks and returns to achieve the optimal level of risk that it can tolerate to prevent any impediment on its business opportunities and strategic priorities. The Company has not put in place a Risk Management Committee. However, the AC conducts regular reviews of the Company's business and operational activities to identify and deliberate on the areas of significant business risks and control measures to constantly improve the processes and standards. The processes adopted by the AC include discussions with management on the identified risk areas, review of internal and external audit plans and processes and review significant issues arising from the audits.

CORPORATE GOVERNANCE

The Company adopts a risk-based approach in formulating the annual audit plan and the plan is reviewed and approved by AC. AC on behalf of the Board has commissioned an enterprise strategy and risk assessment exercise to set up an Enterprise Risk Management Framework aimed at identifying, filtering, assessing and compiling the enterprise strategies and key risks as well as assessing the general control environment of the Group. From this exercise, an internal audit plan is developed and suitable audit resources are allocated in priority of risk ranking with a view to achieving an optimal balance between risks and returns. The internal auditors report to AC their evaluation on the organization's internal control systems in the identified risks areas. In their evaluation, the internal auditors will (a) walk through the business process with the process owners to understand the process and identify key internal controls through various methods and perform verifications to supporting source documentation (b) perform a system of controls evaluation on identified high-risk areas within the business processes and (c) review the overall control environment for implementation lapses. Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations to improve the areas of weakness are reported to the AC as part of the review of the internal control system.

Whilst internal auditors provide assurance that controls over the key risks of the Group are adequate and effective, the external auditors are engaged to provide assurance on the true and fair presentation of the Group's financial statements.

Management is tasked to take appropriate measures to control and mitigate areas of risks and document such measures in the Company's risk management policies. During the year, the AC has reviewed the Company's system of internal controls, including financial, operational, compliance and information technology controls, risk management policies and systems established by the Management. Internal Auditors and External Auditors will perform review on information technology controls ("IT") including information security, data loss protection, cyber security, data privacy and security including business continuity management. AC acknowledged that cyber security risk is very wide and cannot be covered completely. While the Internal Auditors review the overall information technology control environment (except the technical aspects of the system), the External Auditors will obtain a high-level of understanding of the processes and controls implemented by the Company in assessing cyber security risk considerations in the financial statements audit. The External Auditors evaluates the IT general controls as an integral part of their audit that underpins the significant financial systems and will further consider whether cyber risk represents a risk of material misstatement to the financial statements as part of the audit risk assessment activities.

The Management has put in place reasonably adequate internal control systems to provide the Board with reasonable assurance against material misstatement or loss. The Management provides the Board with detailed reports on the Group's financial performance and related matters on a regular basis. Procedures are in place to ensure that financial information relating to the Group's operations are not false or misleading in order to increase the assurance level of the AC in its review of the quarterly financial information.

The Board has received assurance from (a) the CEO and the Group Financial Controller ("GFC") that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO, GFC and other key management personnels who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Supplementary to the internal control systems, the Management has also implemented the Whistle-Blowing policy and procedures which provides for the well-defined mechanism and accessible channel by which employees and consultants may in confidence, raise concerns about possible improprieties in financial reporting which may cause financial or non-financial loss to the Group or other matters such as dishonesty, fraud, corruption, illegal acts, breaches of legislation and laws, unethical conduct, unsafe work practices. The AC ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. In addition, the Board has also relied to a certain extent, on the review by the external auditors of the effectiveness of the Company's material internal controls that affect accounting functions, to the extent of their scope as laid out in their plan. The auditors' recommendations on material non-compliance and internal accounting control weakness, if any, noted during their audit are reported to the AC.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and review performed by Management as well as the assurances received from the CEO, GFC and other key management personnels in the abovementioned, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the year as at 31 December 2020 to address the risks that the Company considers relevant and material to its operations.

The Board and Senior Management officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the Exchange's listing rules.

CORPORATE GOVERNANCE

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

As at 31 December 2020, the AC comprises three Independent Non-Executive Directors of the Company, namely Mr Tan Soo Kiat (Chairman), Dr Ong Seh Hong, and Ms Lee Kim Lian Juliana, all of whom have invaluable professional expertise and managerial experience as members. The AC has two members namely Mr Tan Soo Kiat and Dr Ong Seh Hong, who have recent and relevant accounting or related financial management expertise or experience. None of the AC members were former partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the audited corporation and none of the AC members hold any financial interests in the auditing firm or auditing corporation.

The AC meets at least four times a year and as often as warranted by circumstances, to perform the following functions:

a. reviews the audit plan of the Group's internal and external auditors;

b. reviews with the internal and external auditors on their findings, if any on the Company's system of internal accounting controls;

c. reviews with the internal and external auditors on the scope and results of the audit as well as its cost effectiveness;

d. reviews the co-operation given by the Group's officers to the internal and external auditors;

e. reviews with the internal and external auditors on any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's results or financial position;

f. reviews the quarterly and full-year financial results announcements and annual financial statements of the Group and the external auditors' report thereon before their submission to the Board for adoption;

g. monitors the extent of the Group's compliance with the Exchange's listing rules;

h. nominates internal and external auditors for re-appointment and reviews their independence;

i. makes recommendations to the Board on the remuneration and terms of engagement of the internal and external auditors;

j. reviews interested person transactions;

k. reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance;

l. reviews the adequacy and effectiveness of the internal controls and risk management systems; and

m. reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC has full access to the Company's internal auditor and Management and has full discretion to invite any director or executives to attend its meetings and investigate any matter within its terms of reference. In performing its functions, the AC also reviews the assistance given by the Company's executives to the auditors as well as the adequacy of the internal audit function, its effectiveness and its resources.

The AC reviewed and discussed the key audit matters ("KAMs") for FY2020 with Management and the external auditors. In assessing the KAMs, the AC took into consideration the approach, accounting treatment, methodology and key assumptions applied. The AC concurred with the basis and conclusions included in the FY2020 Independent Auditors' Report with respect to the KAMs. The KAMs are set out on page 49 to page 51 in the FY2020 Independent Auditors' Report.

Internal Audit

The Company has outsourced its internal audit function to external audit professionals, Shinnes Consulting and Advisory Pte. Ltd and the engagement director is a member of Chartered Accountants (Australia), Chartered Accountants (Malaysia), Certified Internal Auditor (Singapore) and Certified Internal Auditor (Malaysia). The internal audit follows the professional standards set by the Institute of Internal Auditors. The primary reporting line of the internal audit function is to the AC. The internal auditors have unfettered access to all the Company's documents, record, properties and personnel, including the AC, and have appropriate standing within the Company.

The AC meets with the external auditors and the internal auditors separately without the presence of Management at least once annually.

External Auditors

The AC oversees the Company's relationship with its external auditor. It reviews the selection of the external auditor and recommends to the Board the appointment, re-appointment and removal of the external auditor, as well as the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditor is subject to shareholders' approval at the Annual General Meeting.

CORPORATE GOVERNANCE

AC confirms that the Company complied with Rules 712 and 715 of the Listing Manual in relation to its appointment of Ernst & Young LLP ("EY") as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority. The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 29 "Listing of Companies in the Group" of the Notes to the Consolidated Financial Statements for the subsidiaries audited by different auditors. In appointing the audit firms for the Company and its subsidiaries, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716. For FY2020, the external auditors' remuneration in respect of audit services provided to the Group amounted to $150,000. There were non-audit services, being tax fees provided to the Group during the year in the amount of $18,000 which represents 10.7% of the total fees paid to EY. Having reviewed the range and value of non-audit services performed by the external auditors, AC was satisfied that the nature and extent of such services will not prejudice the independence of the external auditors.

In recommending the re-appointment of auditors, AC takes into consideration various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements and the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. AC also takes into consideration of its ongoing corporate governance initiatives as well as the management of the Company's overall business costs and expenses to meet the challenges of business climates. AC recommended that EY be nominated for re-appointment as auditors at the forthcoming AGM.

Summary of AC's activities in 2020

(i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;

(ii) together with the Board and GFC and where applicable, the external auditors, reviewed the key areas of Management's judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;

(iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(v) reviewed non-audit fees;

(vi) reviewed the appointment of different auditors for its subsidiaries;

(vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues;

(ix) reviewed interested party transactions;

(x) reviewed with the Board, GFC and external auditors on the changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements; and

(xi) reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 as well as the Independent Auditors' Report thereon before submitting them to the Board for its approval.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meeting

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 Company is committed to treating all shareholders fairly and equitably.

Conduct of AGM prior to the onset of the COVID-19 pandemic in early 2020

Our usual practice was to provide all shareholders with rights to attend shareholders' meetings in the Constitution, relevant laws and regulations. Notice of general meeting was dispatched to shareholders together with explanatory notes or circular on items where necessary. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. The Group's website at www.dyna-mac.com provides information of our products and services, corporate profile and latest information as well as an enquiry section to respond to comments, feedbacks or enquiries.

CORPORATE GOVERNANCE

The Board welcomes questions from shareholders at general meetings and views AGM as the principal forum for dialogue with shareholders. Shareholders are accorded with the opportunity to raise issues, communicate their views and direct their questions to Directors and Management at the general meeting. All directors and Chairpersons of Board Committees are present at AGM and other general meetings of shareholders to assist the Board in addressing shareholders' questions.

At every AGM, shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. Shareholders are also informed of the rules, including the voting procedures that govern general meetings. In accordance with rule 730A(2) of the Exchange's Listing Rules and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by electronic poll voting at all of its general meetings. Detailed voting results of each resolutions tabled are screened at the meeting and announced via SGXNet on the same day after the meeting.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are bundled to form one significant proposal, the Company will explain the reasons and the material implications in the notice of meeting. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed.

While there is no limit imposed on the number of proxy votes for nominee companies, the Company's Constitution allows each shareholder to appoint up to two proxies to attend AGMs and any other general meeting. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax as issues concerning authentication, security, privacy and integrity have to be satisfactorily dealt with and resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. Although the Company has not published minutes of shareholders' meeting on the Company's corporate website in the previous year, these are made available to shareholders upon request. The Company updates the corporate website with the minutes of shareholders' meeting as soon as practicable.

The Company does not have a dividend policy but the Board seeks to balance dividend return to shareholders with the need for long-term sustainable growth and the requirements for short term cash and capital expenditure requirements in proposing a dividend. The Company has not paid any dividends to shareholders in view of its loss making position.

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.

Shareholders are encouraged to attend the Company's general meetings and sufficient time is given for them to ask questions, to provide their views. Directors and Senior Management hold dialogues with shareholders after the businesses of the general meetings are concluded where views from shareholders would be solicited.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through SGXNet announcements, Annual Reports, shareholders circulars, news releases on major developments of the Group, Notices and explanatory notes for AGM and other general meetings as well as the Company's website. Shareholders could contact the Company's investors relations officers directly with questions and the Company may respond to such questions through such officers. The investors relations contact details are published on the Group's website www.dyna-mac.com.

Conduct of AGM in 2020 amidst current COVID-19 pandemic

The Company held its 2020 AGM by electronic means on 25 June 2020, pursuant to the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings For Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holdings) Order 2020. Shareholders were invited to participate in the virtual 2020 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the 2020 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2020 AGM. The Board of Directors attended the 2020 AGM by way of electronic means. Responses to questions raised by shareholders in advance and the detailed records of the proceedings were published on the SGXNet. The Company also publishes the Minutes of the AGM proceedings on its Website.

Directors' attendance at shareholders general meetings held during the financial year are disclosed on page 22 of the Annual Report.

CORPORATE **GOVERNANCE**

Conduct of 2021 AGM

Due to the prevailing COVID-19 restrictions, shareholders will not be able to attend our 2021 AGM in person. Instead we will be holding our 2021 AGM by electronic means on 29 April 2021 and shareholders are invited to participate at our virtual 2021 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the 2021 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2021 AGM. Details of the steps for pre-registration submission of questions and voting at the 2021 AGM are set out in a separate announcement released on SGXNet on 7 April 2021.

In accordance with the Exchange's Listing Rules, the Company does not practice selective disclosure and price-sensitive information is publicly released on an immediate basis where required under the Listing Rules.

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 Company's material stakeholders are its shareholders, customers, employees, regulators and suppliers. The Company's strategy and key focus in relation to the management of stakeholders relationships are set out in its Sustainability Reports.

Stakeholders can access information of the Company through the corporate website which provides corporate announcements, press releases and profiles of Company.

Dealing in Securities

The Group has in place an internal code of conduct which prohibits the Directors, key management personnels of the Group and their connected persons from dealing in the Company's shares during the "closed window" period – being two weeks prior to the announcement of the Group's quarterly results and one month prior to the announcement of the Group's full year financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key management personnels and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations. Circulars are issued to all Directors and employees of the Company to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company on short-term consideration and during prohibitive periods.

Material Contracts

Save for the renewal of Service Agreements with relevant Executive Directors, and those which are still subsisting as at the end of FY2020, there were no material contracts entered into by the Company or any of its subsidiaries as at the end of the financial year involving the interests of any Directors and controlling shareholder in the year under review.

Interested Person Transactions

The Company has established procedures to ensure that all interested persons are reported in a timely manner to the AC and that the transactions, if any are conducted at arm's length, on normal commercial term, and not prejudicial to the interest of the Company and its minority shareholders. All interested person transactions are subject to review by the AC.

The aggregate value of the interested person transactions entered into during the financial year under review are set out on page 111 of this Annual Report.

CORPORATE GOVERNANCE

Table A

Directors' Profile and Key Information on Directors' initial appointment, last re-election and their present and past directorships

Name of Directors	Age	Date of initial appointment	Date of last election	Present directorships in listed companies	Past (preceding 3 years directorships in listed companies)
Lim Tjew Yok	62	08.02.2011	25.06.2020	1) Dyna-Mac Holdings Ltd.	N.A.
Tan Soo Kiat	62	08.02.2011	25.04.2019	1) Asiamedic Limited 2) Dyna-Mac Holdings Ltd.	1) Nam Lee Pressed Metal Industries Limited
Dr Ong Seh Hong	58	08.02.2011	25.04.2019	1) Zhongmin Baihui Retail Group Ltd. 2) Hock Lian Seng Holdings Limited 3) Dyna-Mac Holdings Ltd.	N.A.
Lim Ah Cheng	48	01.03.2020	25.06.2020	1) Dyna-Mac Holdings Ltd.	N.A.
Lee Kim Lian Juliana	54	01.06.2018	25.04.2019	1) Uni-Asia Group Limited 2) Nordic Group Limited 3) Dyna-Mac Holdings Ltd. 4) Anchor Resources Limited	1) Lee Metal Group Ltd 2) Forise International Limited
Lim Rui Ping	36	12.11.2019	25.06.2020	1) Dyna-Mac Holdings Ltd.	N.A.
Teo Boon Hwee	64	12.11.2019	N.A.	1) Dyna-Mac Holdings Ltd.	N.A.
Henry Tan Song Kok	56	01.02.2021	N.A.	1) YHI International Limited 2) BH Global Corporation Limited 3) Asia Vets Holdings Ltd. 4) Dyna-Mac Holdings Ltd.	1) Raffles Education Corporation Limited 2) Yinda Infocomm Limited

HUMAN CAPITAL

FAIR EMPLOYMENT PRACTICES

In Dyna-Mac, our employees and workers are the heart of our business operations. We recruit and reward our people on a meritocratic basis and advocate an inclusive workplace built on mutual respect and trust.

We believe that building a diverse and inclusive work environment is increasingly important to boost the morale and productivity of our employees. We value our employees and are committed to human resource policies that help us attract, retain and grow talent. Equality and meritocracy are the values that impact employee satisfaction and retention, and ultimately achieving sustained value creation for our stakeholders.

We have put in place systems and practices that are fair, merit-based and non-discriminatory to attract, reward and retain our employees. The Group is also a signatory of the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), pledging to adopt fair and progressive human resource practices and providing a harmonious and inclusive work environment for our diverse workforce, regardless of race, ethnicity, religion, age and gender. Our employee retention strategy focuses on training, career development and employee engagement. We also have a grievances mechanism in place for employees to report incidences without fear of reprisal, discrimination of other consequences.

To affirm our philosophy and commitment, we have adopted the following TAFEP Tripartite Standards since 2018:

Employment of Term Contract Employees

The Group complies with all statutory benefits under the Employment Act and the Child Development Co-Savings Act, in particular leave benefits and termination/non-renewal of contract specifications.

Grievances Handling

A grievance procedure has been put in place for employees to raise grievances or any work-related concerns to supervisor and management.

Flexible Work Arrangements

We support part-time employment and have revised to shorten work week for some of the support functions employees (from 5.5 days to 5 days). We will review and explore more flexible working patterns to support our operations and yet not lose out on our competitiveness and productivity.

Recruitment Practices

The Group believes in fair employment practices and great emphasis is placed on our people.

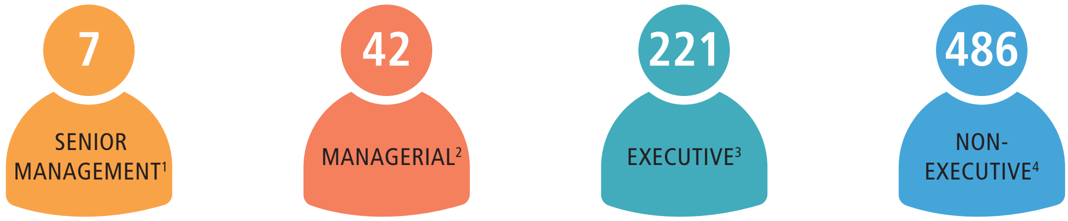
We progressively review and implement employment practices to be in line with the key principles of fair employment and employees are evaluated based on qualification, experience and aptitude for the position.

HUMAN CAPITAL

EMPLOYEE PROFILE

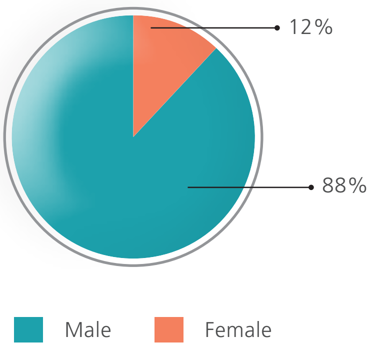
Overall Workforce decreased by 10.6% from 846 in FY2019 to 756 as at end of FY2020.

HEADCOUNT

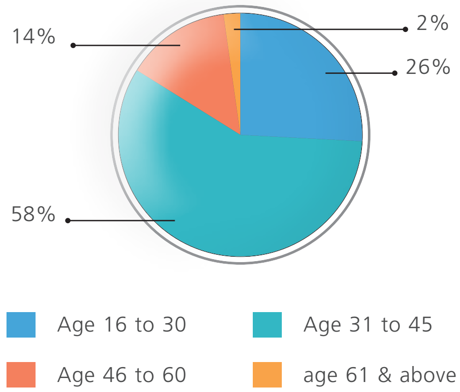


TOTAL = 756

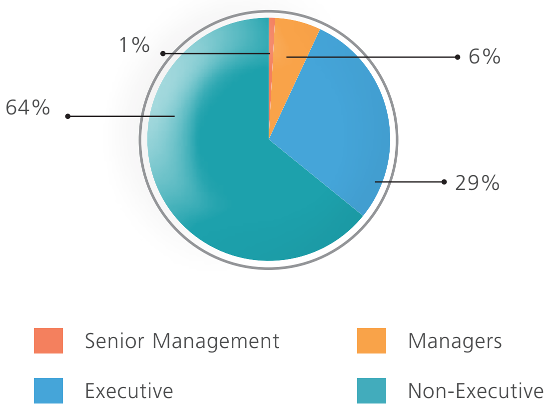
TOTAL WORKFORCE BY GENDER



TOTAL WORKFORCE BY AGE GROUP



TOTAL WORKFORCE BY EMPLOYMENT CATEGORY



Remarks:

Senior Management[1]	: Vice President and above.
Managerial[2]	: Include Managers, Head of Department (HOD) up to General Manager (GM).
Executive[3]	: Include Executive, Engineers, Supervisors and other staff.
Non-Executive[4]	: Include the rest of Non-Executive Staff and All Workers.

HUMAN CAPITAL

ENGAGEMENT AND WELFARE

Engagement with Foreign Workers on COVID-19

In view of the COVID-19 pandemic in late January 2020 and evolving situation, we have worked with the Migrant Workers' Centre (MWC), in partnership with the Shipbuilding and Marine Engineering Employees' Union (SMEEU) to encourage foreign workers at the worksite to stay alert and take care of their personal health during the period of COVID-19 pandemic.

Total of 3 engagement sessions on 18, 20 and 25 February 2020 were attended by more than 1,500 foreign workers, consisting largely of Indian and Bangladeshi workers working at Main Yard and West Yard, as well as workers employed by Dyna-Mac's subcontractors.

To better look after the well-being of our workers, we have worked with the dormitory operator and charity group to reach out and support the workers who were affected by COVID-19 pandemic, such as provision of medical support, food and essentials. Care packs comprising a thermometer, hand sanitiser, masks and health supplements were distributed to them. We have also facilitated any purchases that workers require. In addition, we have provided temporary housing support and assistance to our Malaysian employees affected by the Malaysia Movement Control Order.

As part of communication enhancement and to encourage sharing of information, we also embarked on an initiative to develop a web-portal for mass communication. Our employees and subcontractors' workers are also given access to the portal to provide feedback to Management, HR or Safety, if any.

I-Love-You Sapphire Award by The Singapore Association for the Deaf (SADeaf)

Dyna-Mac was presented with the I-Love-You Sapphire Award by The Singapore Association for the Deaf (SADeaf) through an online Awards Ceremony on 24 October 2020. This award is a recognition for individuals/organisation who have made significant efforts in providing social, educational or financial contributions to the Deaf Community for the past year.

WORKPLACE SAFETY AND HEALTH

Dyna-Mac instills health, safety and environment consciousness into everyone who steps into our premises, be it employees, contractors or clients. This is achieved through the accreditation of safety award, HSE trainings and incident management. Dyna-Mac continues to commit to investing in Health and Safety within the company and incorporate it into every aspect of its business.

WSH SAFETY AND HEALTH AWARD RECOGNITION FOR PROJECTS (SHARP) 2020

The SHARP Award is an initiative by the Workplace Safety and Health (WSH) and Ministry of Manpower (MOM) to recognize organizations that have excelled in workplace safety and health. Dyna-Mac score Sliver WSH Performance Awards (WSHPA) and Safety and Health Award Recognition for Projects (SHARP) in 2020 for the project FPSO Liza Unity and FPSO BW Opportunity.

ACCREDITATION CERTIFICATION

Dyna-Mac ISO 14001:2015 & 45001:2018 management system, an integrated health, safety and environment approach has been in motion to be the forefront of safety practice and protecting the environment through improvements in hygiene and waste management and responding to environmental conditions. These help Dyna-Mac to strike a balance between the health, safety, environment, society and the economy, meeting the needs of the present without comprising future generations of their ability to meet theirs.

SAFE MANAGEMENT MEASURE

Dyna-Mac COVID-safe management system has been produced in the context of COVID-Safe Restart Criteria issues as mandated by the Ministry of Health (MOH) and Ministry of Manpower (MOM) to provide risk based guidance to Dyna-Mac employees on how to implement good working practices during COVID-19 pandemic.

Dyna-Mac primarily focus on creating a workplace that prevents the transmission of COVID-19 and requires the participation of all employees to identify all the risks related to restarting work process or equipment after it has not been use after a period, introduce new working practices that would cause revisits or even allow changes on the existing risk assessments as to suit changing COVID-19 regulatory requirements.

Dyna-Mac shall be facilitating a dynamic long-term approach in handling the COVID-19 pandemic whether the effects are from the results of subsequent waves, and continue a review and update working towards a new normal.

ROSTERED ROUTINE TESTING SWAB TEST

To comply with additional COVID-Safe Restart Criteria – Safe Workforce to ensure that the risks of COVID-19 transmission at Dyna-Mac premises continue to be well mitigated, all personnel (including external parties) will need to undergo RRT and show proof of negative test results prior entry to enter the premise' production site.

WORKPLACE SAFETY AND HEALTH

HSE TRAININGS

Dyna-Mac is fully committed and constantly educating its employees through the various HSE in-house trainings. These trainings cater to the needs and is dependent on the project scope and requirements, project stages, project timeline as well as manpower requirements at any one time.

SAFETY INDUCTION

The daily Safety Induction is a compulsory training for all that enters Dyna-Mac. The Safety Induction covers all the necessary information one needs to know before entering the yard and it is a good checkpoint for the HSE Department to filter out anyone who is yet ready to enter the yard. Ensuring that everyone who set foot in the yard understands the Safe Work Procedures and 15 Life Saving Rules enables Dyna-Mac to remain a safe workplace.

COVID-SAFE INDUCTION

As part of the COVID-Safe Restart, personnel before entering the yard working is compulsory to attend the induction. The Safety Induction covers all the necessary information with the knowledge and guidance on safe practices, as well as being socially responsible to minimise the risk of COVID-19.

HSE-SPECIFIC TRAINING

The HSE-Specific Training is a nine topics training including Work at Height, Dropped Object, Hazard Recognition, Line of Fire, Hot Work, Confined Space, Lifting Operation, Manual Handling and Common Risk Assessment Briefing. This training prepares the workforce for the common activities in the yard and aligns the workforce with Dyna-Mac's HSE objectives.

Furthermore, to strengthen the workforce's safety abilities, the Work at Height Practical is conducted daily. The Work at Height Practical demonstrates to the workforce body harness checks, proper way to use the body harness and 100% tie-up when working at height.

WORK-SPECIFIC TRAININGS

The work-specific trainings serve as a reminder to related work groups on their roles and responsibilities for the specific job assigned to them, including but not limited to Banksman-related, Fire Watchman Training, Forklift Operation, Gantry and Jib Crane Operation and Hearing Conservation Training. These operation and refresher trainings offer the opportunity to align the workers' ability with HSE requirements. The qualified workers will then go on to be authorized personnel in the yard to carry out the job.

LEADERSHIP TRAININGS

The benefits of a responsible leader stretch beyond a reputable company image – good leadership guides and motivates the workforce, increasing efficiency and productivity in a safe manner with good quality assured. Dyna-Mac fully understands the importance of leadership and thus special trainings are designed for supervisors and foremen. The Think Safety, Work Safely Training introduces the concept of Take-5 to the usual toolbox talks while the Leadership Competency Modules cover all aspects of the responsibilities of a leader.

TRAINING PERFORMANCE

The table below summarizes the number of trainings and attendees for Year 2020.

	Trainings	No. of Trainings	Total No. of Attendees
General	Safety Induction	236	4,121
	HSE-Specific Training	236	4,121
	Work at Height Practical	236	4,121
	COVID Restart Induction	389	9,356
Work-Specific	Banksman	5	89
	Fire Watchman Training	15	150
	Forklift Operation	4	36
	Gantry and Jib Crane Operation	2	40
	Hearing Conservation	5	100
Leadership	Think Safety, Work Safely	32	360
	Leadership Competency Modules	8	120

WORKPLACE SAFETY AND HEALTH

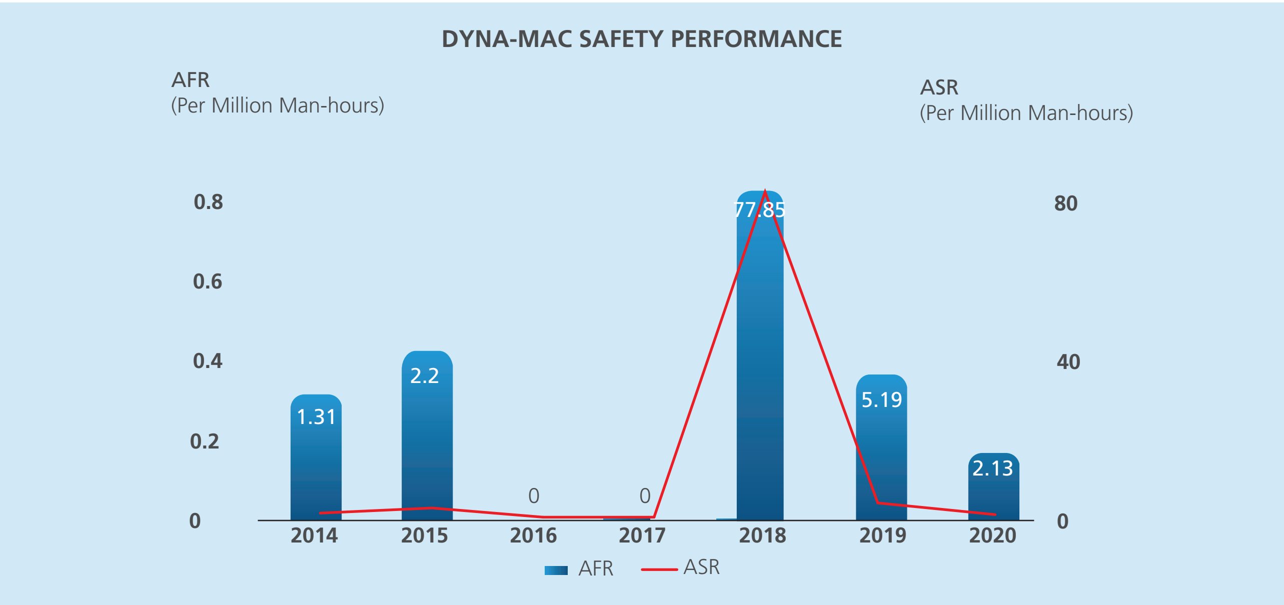
SAFETY PERFORMANCE

Dyna-Mac's goal has always been to achieve a zero-incident workplace. Maintaining a safe workplace is a never-ending journey, not a destination and managing safety is continuous. The journey is a quest for continuous improvement and a safeguard to the trap of complacency.

Although in 2020, Dyna-Mac has one lost time incident in its records, we see a huge improvement from 2019. In 2020, the Accident Frequency Rate (AFR) is 0.18 and the Accident Severity Rate (ASR) is 2.13, both decrements from the 2019 numbers with high manhour spend. The table below shows the comparison between 2019 and 2020.

	2019	2020
Total Man-hours	3,080,938	5,621,350
No. of Lost Time Incident	1	1
No. of Work Days Lost	16	12
Accident Frequency Rate (AFR)	0.32	0.18
Accident Severity Rate (ASR)	5.19	2.13
Workplace Injury Rate (WIR)	10	10

The diagram below displays the AFR and ASR from 2014 to 2020.



SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDINGS AS AT 15 MARCH 2021

Share Capital
Number of Issued Shares: 1,023,211,000

Number of Treasury Shares: Nil

Class of Shares and Voting Rights: Ordinary Shares with one vote per share

Shareholding held by the Public
Based on the information available to the Company as at 15 March 2021, approximately 34.40% of the total number of issued shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (No. of Shares)	%
Estate of Lim Tze Jong[(1)]	417,776,000	–	417,776,000	40.83
KS Investments Pte. Ltd.[(2)]	250,000,000	–	250,000,000	24.43
Keppel Offshore & Marine Limited [(2)(3)]	–	250,000,000	250,000,000	24.43
Keppel Corporation Limited[(3)(4)]	–	250,000,000	250,000,000	24.43
Temasek Holdings (Private) Limited[(4)]	–	250,000,000	250,000,000	24.43

Notes:
1. Estate of Lim Tze Jong's direct interest in the 417,776,000 shares comprises of 217,776,000 shares registered under his Estate and the remaining 200,000,000 shares are held through Raffles Nominees (Pte) Ltd.
2. Keppel Offshore & Marine Limited owns 100% of KS Investments Pte. Ltd. and accordingly is deemed by virtue of Section 7(4) of the Companies Act. Chapter 50 (the "Act") to have an interest in Shares held by KS Investments Pte. Ltd.
3. Keppel Corporation Limited owns 100% of Keppel Offshore & Marine Limited and accordingly is deemed by virtue of Section 7(4) of the Act to have an interest in Shares held by Keppel Offshore & Marine Limited.
4. Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited by virtue of Section 7(4A) of the Act.

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	%
1	KS INVESTMENTS PTE LTD	250,000,000	24.43
2	ESTATE OF LIM TZE JONG DECEASED	217,776,000	21.28
3	RAFFLES NOMINEES (PTE) LIMITED	207,156,450	20.25
4	OCBC SECURITIES PRIVATE LTD	50,305,400	4.92
5	DBS NOMINEES (PRIVATE) LIMITED	14,104,700	1.38
6	DBSN SERVICES PTE LTD	10,670,100	1.04
7	PHILLIP SECURITIES PTE LTD	6,059,700	0.59
8	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	5,769,200	0.56
9	CITIBANK NOMINEES SINGAPORE PTE LTD	4,887,500	0.48
10	SASIKUMARAN PILLAI S/0 MANMATHAN PILLAI	4,425,300	0.43
11	UOB KAY HIAN PTE LTD	4,057,600	0.40
12	MAYBANK KIM ENG SECURITIES PTE LTD	3,229,400	0.32
13	LIM MING JYE	3,100,000	0.30
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,081,000	0.30
15	LIM & TAN SECURITIES PTE LTD	2,869,700	0.28
16	LIU YE	2,400,000	0.23
17	VARGHESE JOHN	2,200,000	0.22
18	HABACUS PTE LTD	2,200,000	0.20
19	KHOO CHEE BEEN	2,000,000	0.20
20	LIM TJEW YOK	2,000,000	0.20
		798,092,050	**78.01**

LOCATION OF SHAREHOLDERS

COUNTRY OF RESIDENCE	NO. OF SHARES	% OF SHARES	NO. OF SHAREHOLDERS	% OF SHARES
Singapore	1,017,339,880	99.43	3,589	97.45
Malaysia	5,234,100	0.51	80	2.17
Others	546,020	0.05	6	0.16
Australia/ New Zealand	55,000	0.01	3	0.08
Hong Kong	32,000	0.00	3	0.08
UK	3,000	0.00	1	0.03
Europe	1,000	0.00	1	0.03
Grand Total	**1,023,211,000**	**100.00**	**3,683**	**100.00**

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9	0.24	252	0.00
100 – 1,000	100	2.72	82,015	0.01
1,001 – 10,000	1,172	31.82	8,545,733	0.83
10,001 – 1,000,000	2,364	64.19	190,616,150	18.63
1,000,001 AND ABOVE	38	1.03	823,966,850	80.53
	3,683	**100.00**	**1,023,211,000**	**100.00**

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors present their statement to the members together with the audited consolidated financial statements of Dyna–Mac Holdings Ltd. ("the Company") and its subsidiaries (collectively, "the Group") and the balance sheet of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet 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 2020 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as stated in Note 2.1 to the financial statements.

Directors

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

Lim Ah Cheng	(appointed on 1 March 2020)
Henry Tan Song Kok	(appointed on 1 February 2021)
Lim Tjew Yok	
Teo Boon Hwee	(alternate to Lim Rui Ping)
Tan Soo Kiat	
Dr Ong Seh Hong	
Lee Kim Lian Juliana	
Lim Rui Ping	

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Directors' interests in shares and debentures

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

	Direct interest		**Deemed interest**	
Name of director	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company				
Lim Tjew Yok	2,000,000	2,000,000	–	–
Teo Boon Hwee	1,500,000	1,500,000	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

Options

No options were granted during the financial year ended 31 December 2020 to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are:

Tan Soo Kiat	(Chairman)
Dr Ong Seh Hong	(Member)
Lee Kim Lian Juliana	(Member)
Henry Tan Song Kok	(Member)

All members of the AC are non–executive directors.

The Audit Committee 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 independent 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

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Audit Committee (Cont'd)

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 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,

Lim Ah Cheng
Director

Lim Tjew Yok
Director

Singapore
30 March 2021

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dyna–Mac Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 and the balance sheet 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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. We have determined the matters described below to be the key audit matters to be communicated in our report. 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.

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Going concern assumption

The Group reported net loss before tax of $58,447,000 for the year ended 31 December 2020 and is in a net current liabilities position of $16,883,000 as at 31 December 2020.

The consolidated financial statements have been prepared on a going concern basis. Management's assessment of the Group's ability to generate sufficient operating cashflows on a timely basis and availability of sufficient funds for its operations are important considerations for the going concern assumption. As such, these are significant aspects of our audit and we determined this as a key audit matter.

As part of our audit, we discussed with management to obtain an understanding on the business plan, upcoming projects and financing requirements. We obtained management's cash flow forecast prepared for the purpose of the going concern assessment, evaluated and performed sensitivity analysis on the reasonableness of the key assumptions used in the forecast by checking to committed contracts, credit facilities agreements and correspondences, historical performance and timing of cash flows.

We also considered the adequacy of the disclosure in Note 2.1 to the financial statements on the going concern assumption.

Assessment of impairment for the Group's Yards

As at 31 December 2020, the carrying amount of the Group's property, plant and equipment and right-of-use assets amounted to $39,444,000 and $27,397,000 respectively, representing a total of 41% of total assets. The majority of these assets relates to the Group's yards located in Singapore at Gul Road ("Main Yard") and Pandan Crescent ("West Yard") (collectively, the "Yards").

The challenging conditions in the global oil and gas industry has affected the Group's operating performance. In addition, the COVID-19 pandemic has resulted in uncertainty in the current and future economic environment in which the Group operates. In view of the aforementioned, management have performed an impairment test to assess whether an impairment charge is required for the Yards and right-of-use assets.

The impairment assessment involves significant estimation uncertainty and management judgement in the determination of the fair values of the Yards. Management have assessed the fair values of the Yards based on their estimated market values determined by external valuers. Due to the high level of judgement involved in estimating the fair value, the severity of the economic downturn caused by the COVID-19 pandemic and the magnitude of the carrying amount of the Yards, we determined this as a key audit matter.

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Assessment of impairment for the Group's Yards (Cont'd)

As part of the audit, we evaluated the competence, capabilities and objectivity of the external valuers engaged by management. We involved our internal valuation specialists to assist us in assessing the appropriateness of the valuation methodology used by the external valuers and reasonableness of the key assumptions used in the valuation. These key assumptions include the adjustments made by external valuers to the transacted price of comparable properties for location, size, tenure, age and condition. We have also considered the reasonableness of the estimated market values based on our understanding of the market conditions prevailing at the year end.

The Group's disclosures relating to property, plant and equipment and right-of-use assets are disclosed in Note 16 and Note 17 to the financial statements.

Revenue recognition on construction projects

The Group derives most of its revenue from construction contracts, whereby such revenue is recognised based on management's estimation of the progress of the project activities using the input method that reflects the over-time transfer of control to its customers. The measure of progress is generally determined based on the proportion of contract costs incurred to date to the estimated total costs. The determination of total contract value, progress towards completion and costs to complete these projects involved significant management judgement and estimation uncertainties, and may have an impact on the amount of construction revenue, contract assets and contract liabilities recognised during the year. As such, we determined this as a key audit matter.

As part of the audit, we obtained an understanding of the Group's costing and budgeting process, and the controls put in place to estimate project revenues, costs and profit margins in the current market conditions. For significant projects, we traced significant costs incurred for construction contracts to the relevant supporting documents such as invoices and supplier statements, to ensure that the costs are directly attributable to the contracts tested. We tested the reasonableness of management's estimation of construction progress by comparing the actual cost incurred as a percentage to the total contract costs, including costs to complete and held discussions with senior management of the Group regarding the status of the Group's construction projects and budgeted cost to complete amidst the COVID-19 pandemic.

We also assessed the adequacy of the disclosures on the Group's project revenue and contract assets and liabilities in Note 4 to the financial statements.

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Statements (Cont'd)

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.

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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 Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 March 2021

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	4	**84,037**	97,841
Cost of sales		**(114,492)**	(96,149)
Gross (loss)/profit		**(30,455)**	1,692
Other income	5	**7,173**	1,078
Other expenses	5	**(3,838)**	(4,726)
Administrative expenses		**(30,554)**	(21,474)
Finance expenses	6	**(773)**	(540)
Loss before tax	7	**(58,447)**	(23,970)
Income tax credit/(expense)	9	**17**	(28)
Net loss		**(58,430)**	(23,998)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**472**	174
Total comprehensive loss for the year		**(57,958)**	(23,824)
Loss attributable to:			
Equity holders of the Company		**(58,403)**	(23,713)
Non-controlling interest		**(27)**	(285)
		(58,430)	(23,998)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(57,959)**	(23,552)
Non-controlling interest		**1**	(272)
		(57,958)	(23,824)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic/diluted	25	**(5.71)**	(2.32)

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

BALANCE **SHEETS**

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**46,219**	27,186	**372**	563
Trade and other receivables	11	**29,272**	25,369	**28**	5,359
Inventories	12	**–**	1,282	**–**	–
Contract assets	4(c)	**18,166**	14,575	**–**	–
Other current assets	13	**802**	854	**14**	11
		94,459	69,266	**414**	5,933
Assets held for sale	14	**–**	9,500	**–**	–
		94,459	78,766	**414**	5,933
Non–current assets					
Club memberships		**18**	290	**–**	–
Investments in subsidiaries	15	**–**	–	**105,390**	122,453
Property, plant and equipment	16	**39,444**	49,342	**–**	–
Right-of-use assets	17	**27,397**	29,971	**–**	–
		66,859	79,603	**105,390**	122,453
Total assets		**161,318**	158,369	**105,804**	128,386
LIABILITIES					
Current liabilities					
Trade and other payables	18	**52,958**	32,333	**976**	167
Provision for onerous contracts	19	**2,127**	–	**–**	–
Contract liabilities	4(c)	**48,266**	80	**–**	–
Borrowings	20	**5,000**	13,308	**–**	–
Deferred capital and grants income	21	**820**	149	**–**	–
Lease liabilities	17	**2,171**	2,246	**–**	–
		111,342	48,116	**976**	167
Non–current liabilities					
Deferred capital and grants income	21	**274**	423	**–**	–
Deferred income tax liabilities	22	**16**	16	**–**	–
Lease liabilities	17	**26,028**	28,198	**–**	–
		26,318	28,637	**–**	–
Total liabilities		**137,660**	76,753	**976**	167
Net assets		**23,658**	81,616	**104,828**	128,219

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

BALANCE **SHEETS**

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020	2019	2020	2019
		$'000	$'000	$'000	$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**145,271**	145,271	**145,271**	145,271
Other reserves	24	**102**	291	**–**	–
Accumulated losses		**(122,134)**	(64,364)	**(40,443)**	(17,052)
		23,239	81,198	**104,828**	128,219
Non–controlling interests		**419**	418	**–**	–
Total equity		**23,658**	81,616	**104,828**	128,219

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2020 Group	**Share capital $'000**	**Accumulated losses $'000**	**Other reserves $'000**	**Total $'000**	**Non–controlling interest $'000**	**Total equity $'000**
Opening balance at 1 January 2020	**145,271**	**(64,364)**	**291**	**81,198**	**418**	**81,616**
Total comprehensive loss for the year	**–**	**(58,403)**	**444**	**(57,959)**	**1**	**(57,958)**
Disposal of assets held for sale	**–**	**633**	**(633)**	**–**	**–**	**–**
Closing balance at 31 December 2020	**145,271**	**(122,134)**	**102**	**23,239**	**419**	**23,658**
2019						
Group						
Opening balance at 1 January 2019	145,271	(40,651)	130	104,750	690	105,440
Total comprehensive loss for the year	–	(23,713)	161	(23,552)	(272)	(23,824)
Closing balance at 31 December 2019	145,271	(64,364)	291	81,198	418	81,616

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

CONSOLIDATED **CASH FLOW STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Loss before tax		**(58,447)**	(23,970)
Adjustments for:			
Amortisation of club memberships	7	**7**	14
Amortisation of deferred capital grants		**(149)**	(174)
Depreciation of property, plant and equipment	16	**7,200**	7,475
Depreciation of right-of-use assets	17	**2,574**	2,586
Expected credit losses on contract assets	7	**–**	69
Expected credit losses on trade and other receivables	7	**782**	103
Fair value losses on investment properties	5	**–**	3,900
Finance expenses	6	**773**	540
Gain on disposal of club memberships		**(43)**	–
Gain on disposal of property, plant and equipment	5	**–**	(2)
Impairment of property, plant and equipment	5	**1,455**	–
Interest income	5	**(121)**	(310)
Loss on strike-off of a subsidiary	5	**203**	78
Property, plant and equipment written off	5	**1,618**	85
Provision for onerous contracts	19	**2,127**	–
Provision for slow-moving inventories	12	**1,252**	5,154
Trade and other receivables written off		**64**	–
Unrealised foreign exchange losses		**509**	313
Operating cash flows before changes in working capital		**(40,196)**	(4,139)
Changes in working capital:			
Contract assets		**(3,591)**	8,070
Contract liabilities		**48,186**	(249)
Inventories		**30**	5,760
Other current assets		**52**	(264)
Trade and other receivables		**(4,734)**	5,918
Trade and other payables, including deferred grant income		**20,963**	(2,860)
Cash flows generated from operations		**20,710**	12,236
Interest received		**173**	292
Income tax received/(paid)		**17**	(28)
Net cash flows generated from operating activities		**20,900**	12,500

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

CONSOLIDATED **CASH FLOW STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from investing activities			
Additions to property, plant and equipment	16	**(375)**	(955)
Proceeds from disposal of club memberships		**241**	–
Proceeds from disposal of assets held for sale	14	**9,500**	–
Proceeds from disposal of property, plant and equipment		**–**	3
Proceeds from government grants		**–**	746
Net cash flows generated from/(used in) investing activities		**9,366**	(206)
Cash flows from financing activities			
Dividends paid to non-controlling interest		**–**	(583)
Interest expense paid		**(440)**	(589)
Payment of principal portion of lease liabilities	17	**(2,245)**	(2,138)
Proceeds from bank borrowings		**55,223**	72,061
Repayments of bank borrowings		**(63,531)**	(78,746)
Net cash flows used in financing activities		**(10,993)**	(9,995)
Net increase in cash and cash equivalents		**19,273**	2,299
Cash and cash equivalents			
Cash and cash equivalents at 1 January		**27,186**	24,925
Effects of currency translation on cash and cash equivalents		**(240)**	(38)
Cash and cash equivalents at 31 December	10	**46,219**	27,186

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Dyna–Mac Holdings Ltd. (the "Company") is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX–ST") and is incorporated and domiciled in Singapore. The registered office is at 59 Gul Road, Singapore 629354 and the principal place of business is at 45 Gul Road, Singapore 629350.

The consolidated financial statements relate to the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 29 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the 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.

Going concern assumption

The Group incurred a net loss before tax of $58,447,000 (2019: $23,970,000) during the year ended 31 December 2020 and the current liabilities exceeded the current assets by $16,883,000 as at 31 December 2020. Total cash balances as of 31 December 2020 amounted to $46,219,000 (2019: $27,186,000). Cash deposits with banks amounting to $19,400,000 (2019: $20,500,000) required to be maintained for the Group's banking facilities. Accordingly, the cash available for use by the Group amounted to $26,819,000 (2019: $6,686,000) as at 31 December 2020.

Although the Group expects the overall operating environment to remain challenging in the next twelve months amidst the COVID-19 pandemic, the Group expects to secure additional contracts over the course of the year ahead.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.1 Basis of preparation (Cont'd)

Going concern assumption (Cont'd)

The management and directors of the Group, having reassessed the available sources of liquidity and funding, believe that the Group can continue as a going concern for the foreseeable future. In analysing the validity of the going concern basis applied in the preparation of the financial statements of the Group and the Company, the following factors were considered:

a) New orders secured and potential new orders

The Group expects that new orders secured and potential new orders will generate adequate cash flows to repay its debt obligations as and when they fall due within the next twelve months from the date of this report.

As at 31 December 2020, the Group's net order book stood at $204,020,000 (2019: $67,092,000) which includes a major order secured amounting to approximately $157,000,000. Although the Group expects the market environment to remain challenging in the next twelve months due to global economic risks as well as the impact of the COVID-19 pandemic, the Group expects to secure additional contracts over the course of the year ahead.

The Group continues to source and negotiate for new contracts, both in the offshore segment of the oil and gas industry, as well as venturing into the clean energy market, requiring the Group's expertise in detailed engineering, fabrication and construction.

b) Availability of credit facilities

As at 31 December 2020, the Group has banking facilities for short-term trade loans and advances totalling $59,900,000 (2019: $27,500,000). The Group's bank borrowing of approximately $5,000,000 (Note 20) as at 31 December 2020 (2019: $13,308,000) relates to amounts drawn under these facilities. The Group will continue to be able to utilise its existing credit facilities despite breaching loan covenants for certain facilities as management are in ongoing discussions with its bankers.

Due to the breach of the covenant clauses, the banks are contractually entitled to request for immediate repayment of the bank borrowings, relating to the Enterprise Financing Scheme of $5,000,000 and terminate the available credit facilities. The banks have not requested early repayment of the loan or withdrawn the credit facilities as of the date when these financial statements were approved by the Board of Directors. Subsequent to year end, a bank agreed to waive the non-compliance of all financial covenants imposed on a subsidiary and will review compliance of these financial covenants based on the audited financial statements of the subsidiary for the financial year ending 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.1 Basis of preparation (Cont'd)

Going concern assumption (Cont'd)

b) Availability of credit facilities (Cont'd)

Proactive and careful management of the Group's liquidity will continue to be a key priority of the Group. In view of the continuing credit facilities being made available to the Group, management is confident that the Group will be able to meet expected cash outflows and required working capital.

As described in the preceding paragraphs, management is confident that the Group has adequate resources to continue in operational existence for at least another twelve months from the balance sheet date, and that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

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 which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Date to be determined
Amendments to SFRS(I) 1-37: *Onerous Contracts—Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment—Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.4 Group accounting

(a) Subsidiaries

(i) 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.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, viable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.4 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(ii) Acquisitions (Cont'd)

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

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.5 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

2.6 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.6 Property, plant and equipment (Cont'd)

(b) Depreciation

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

Buildings	16 – 42 years
Furniture and fittings and office equipment	5 years
Computers	3 years
Site building and yard improvement	5 – 22 years
Site equipment and tools	5 years
Motor vehicles	5 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.

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.7 Intangible assets

Club memberships

Club memberships are measured initially at cost. Following initial recognition, club memberships are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of club memberships are assessed to be between 27 to 31 years and are reviewed annually to determine whether the useful life assessment continues to be supportable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.7 Intangible assets (Cont'd)

Club memberships (Cont'd)

Gains or losses arising from de-recognition of club memberships are measured as the difference between the net disposal proceeds and the carrying amount of the club membership and are recognised in profit or loss.

2.8 Investments in 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.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.10 Financial instruments

(a) 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 measured at amortised cost

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

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

(b) Financial liabilities

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.10 Financial instruments (Cont'd)

(b) 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 derecognised, and through the amortisation process.

De-recognition

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

(c) Offsetting financial instruments

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

2.11 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. The Group considers a financial asset in default on a case-by-case basis assessment which includes the counterparty going into bankruptcy or a request for a discounted repayment scheme is received due to financial difficulties. Additionally, the Group considers forward-looking factors specific to the debtors and the economic environment. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.13 Inventories

Inventories comprise materials and supplies to be consumed in the rendering of construction services. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of materials and supplies comprises raw materials and other direct costs directly attributable to the acquisition of finished goods and materials but excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

2.14 Provisions

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

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.

Provision for 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 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 exiting from the contract, which is the lower of the cost of fulfilling it and any compensation of penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.15 Employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.17 Leases

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) Group as a lessee

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

(i) Right-of-use assets

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

- Office equipment 1 to 3 years
- Yard facilities 16 to 23 years
- Motor vehicles 1 to 3 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.

The right-of-use assets are also subject to impairment as disclosed in Note 2.9.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.17 Leases (Cont'd)

(a) Group as a lessee (Cont'd)

(ii) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 of office equipment 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) Group as a 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. Rental income arising from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.18 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment once classified as held for sale are not depreciated. Investment properties classified as held for sale are measured based on their fair value.

2.19 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 presented, net of value-added tax, rebates and discounts, and after eliminating revenue within the Group.

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) Revenue from construction contracts

Revenue from construction contracts is recognised over time as the Group satisfies its performance obligation. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction contract.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.19 Revenue (Cont'd)

(b) Rental income

Rental income arising from operating leases (net of any incentive given to the lessees) is accounted for on a straight-line basis over the lease term.

2.20 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

- In respect of taxable temporary differences associated with investments in subsidiaries, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.20 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

- 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 taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.21 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is a member of the key management personnel of the Company or of a parent of the Company.

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 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.

Revenue from construction contracts

The Group recognised revenue for contracts using a measure depicting performance systematically during the period of project, by reference to timing of transferring control of services to customer.

Significant assumption is required to identify the performance obligations of such contract. The Group has identified that the components of the contract is not distinct within the context of the contract, as the Group performs a significant amount of work to integrate the goods or services with other goods or services promised in the contract and goods or services provided are highly interdependent. Hence the Group has identified that the components in contract revenue represent single performance obligation.

Contract revenue for construction contracts is measured by reference to actual cost incurred to date as a percentage of the total estimated costs for the contract. Significant assumptions are required to estimate the total contract costs. In making these estimates, the Group reviewed the status of the project and is satisfied that the estimates are realistic, and the estimates of total contract costs indicate full project recovery, and relied on experience and knowledge of the project engineers.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 4 to the financial statements. If the estimated total contract cost has been 5% higher than management's estimate, the carrying amount of the assets arising from construction contracts would have been $6,597,000 (2019: $3,450,000) lower.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

Impairment of property, plant and equipment and right-of-use assets

The Group's property, plant and equipment and right-of-use assets are assessed for impairment whenever events or changes in circumstances indicate that their carrying value exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

The majority of the Group's property, plant and equipment and right-of-use assets relates to the Group's yards located in Singapore at Gul Road (the "Main Yard") and Pandan Crescent (the "West Yard") (collectively, the "Yards"). For purposes of the impairment assessment on the Yards, the fair value less cost of disposal was determined based on the estimated market values assessed by independent qualified external valuers. The determination of the fair value of the yards involves the use of subjective judgements and assumptions that are inherently uncertain.

The carrying amount of the Group's property, plant and equipment and right-of-use assets are disclosed in Note 16 and Note 17 to the financial statements.

4. REVENUE

(a) Disaggregation of revenue

	Group			
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
	Module business		*Ad-hoc projects*	
Primary geographical markets				
Asia Pacific	**10,688**	3,893	**5,808**	12,089
Europe	**64,995**	77,906	**2,528**	106
Americas	**18**	3,847	**–**	–
	75,701	85,646	**8,336**	12,195
Timing of transfer of goods or service				
At a point in time	**–**	–	**–**	12,195
Over time	**75,701**	85,646	**8,336**	–
	75,701	85,646	**8,336**	12,195

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. REVENUE (CONT'D)

(b) Judgement and methods used in estimating revenue

Recognition of revenue from construction contracts over time

The Group satisfies its construction contracts performance obligations over time. Management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction projects as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar construction contracts, analysed by different module types and geographical areas for the past 3 to 5 years.

(c) Contract assets and contract liabilities

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

	Group	
	2020	2019
	$'000	$'000
Receivables from contracts with customers (Note 11)	**29,076**	24,043
Contract assets	**18,166**	14,575
Contract liabilities	**48,266**	80

Information about the Group's and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables and contract assets are included in Note 26(b).

Contract assets primarily relate 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. REVENUE (CONT'D)

(c) Contract assets and contract liabilities (Cont'd)

Significant changes in contract assets and contract liabilities are explained as follows:

	Group	
	2020 $'000	2019 $'000
Contract assets reclassified to receivables	**14,575**	22,714
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**80**	329

(d) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2020 is $204,020,000 (2019: $67,092,000). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

The Group expects to recognise $163,695,000 (2019: $67,092,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December within one year from the respective financial year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5. OTHER INCOME AND EXPENSES

Other income

	Group	
	2020	2019
	$'000	$'000
Interest income – bank deposits	**121**	310
Rental income – warehouse, office and container	**65**	133
Government grants	**6,516**	335
Gain on disposal of club memberships	**43**	–
Gain on disposal of property, plant and equipment	**–**	2
Sale of scrap metals	**351**	295
Write back of outstanding payables	**27**	–
Others	**50**	3
	7,173	1,078

Included in government grants is an amount of $3,851,000 (2019: Nil) recognised during the financial year ended 31 December under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

Other expenses

	Group	
	2020	2019
	$'000	$'000
Fair value losses on investment properties (Note 14)	**–**	(3,900)
Impairment loss on property, plant and equipment (Note 16)	**(1,455)**	–
Loss on strike-off of a subsidiary	**(203)**	(78)
Property, plant and equipment written off	**(1,618)**	(85)
Foreign exchange losses, net	**(562)**	(663)
	(3,838)	(4,726)

6. FINANCE EXPENSES

	Group	
	2020	2019
	$'000	$'000
Interest expense on:		
– Bank borrowings	**443**	533
– Lease liabilities (Note 17)	**330**	7
	773	540

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7. LOSS BEFORE TAX

Loss before tax is determined after charging the following:

	Group	
	2020 $'000	2019 $'000
Expenses by nature		
Sub–contractor charges	**61,187**	28,096
Materials	**29,756**	35,948
Direct overheads	**16,176**	21,547
Employee compensation (Note 8)	**18,614**	13,735
Lease expenses (Note 17)	**738**	1,032
Interest expenses on lease liabilities (Note 17)	**575**	961
Depreciation of right-of-use assets included in:		
– Cost of sales	**1,579**	2,483
– Administrative expenses	**995**	103
Depreciation of property, plant and equipment included in:		
– Cost of sales	**3,668**	6,111
– Administrative expenses	**3,532**	1,364
Amortisation of club memberships	**7**	14
Transportation and travelling	**87**	948
Legal and professional fees	**908**	805
Entertainment and refreshment	**28**	76
Property tax	**589**	923
Insurance	**828**	521
Advertising and marketing expenses	**504**	920
Provision for onerous contracts (Note 19)	**2,127**	–
Expected credit losses on trade and other receivables (Note 11)	**782**	103
Expected credit losses on contract assets (Note 11)	**–**	69
Trade and other receivables written off	**64**	–
Commission paid in relation to disposal of assets held for sale	**223**	–
Other expenses	**2,079**	1,864
Total cost of sales and administrative expenses	**145,046**	117,623

8. EMPLOYEE COMPENSATION

	Group	
	2020 $'000	2019 $'000
Wages and salaries	**16,949**	11,413
Employer's contribution to defined contribution plans	**1,142**	1,395
Other short–term benefits	**523**	927
	18,614	13,735

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. INCOME TAX (CREDIT)/EXPENSE

	Group	
	2020	2019
	$'000	$'000
Tax (credit)/expense for the current year:		
– Overprovision arising from prior years	**(17)**	–
– Current income tax	**–**	28
Income tax (credit)/expense	**(17)**	28

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 2020 and 2019 is as follows:

	Group	
	2020	2019
	$'000	$'000
Loss before income tax	**(58,447)**	(23,970)
Tax calculated at rate of 17% (2019: 17%)	**(9,936)**	(4,075)
Effects of:		
Different tax rates in other countries	**(70)**	(85)
Expenses not deductible for tax purposes	**2,237**	2,234
Income not subject to tax	**(688)**	65
Overprovision in prior financial years	**(17)**	–
Deferred tax benefits not recognised	**8,375**	1,889
Others	**82**	–
Income tax (credit)/expense	**(17)**	28

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**18,818**	5,701	**372**	563
Short–term bank deposits	**27,401**	21,485	**–**	–
	46,219	27,186	**372**	563

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are short-term bank deposits of $19,400,000 (2019: $20,500,000) designated by the Group for this purpose.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables				
– Non-related parties	**25,303**	21,726	**–**	–
– Related party	**3,773**	2,317	**–**	–
	29,076	24,043	**–**	–
Less: Allowance for expected credit losses	**(441)**	(4)	**–**	–
Trade receivables – net	**28,635**	24,039	**–**	–
Advances to subsidiaries	**–**	–	**5,646**	5,359
GST receivables	**680**	1,041	**–**	–
Staff loans	**14**	27	**–**	–
Grant receivables	**313**	–	**–**	–
Other receivables				
– Non-related parties	**74**	345	**–**	–
– Related parties	**–**	16	**–**	–
	1,081	1,429	**5,646**	5,359
Less: Allowance for expected credit losses	**(444)**	(99)	**(5,618)**	–
Other receivables – net	**637**	1,330	**28**	5,359
	29,272	25,369	**28**	5,359

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

Related parties refer to companies controlled by a corporate shareholder.

The advances to subsidiaries are unsecured, interest-free and repayable on demand.

Set out below is the movement in allowance for expected credit losses of trade receivables, other receivables and contract assets:

	Group			
	Trade receivables $'000	Other receivables $'000	Contract assets $'000	Total $'000
As at 1 January 2020	(4)	(99)	(69)	(172)
Allowance for expected credit losses	(437)	(345)	–	(782)
As at 31 December 2020	(441)	(444)	(69)	(954)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Set out below is the movement in allowance for expected credit losses of advances to subsidiaries:

	Company	
	2020	2019
	$'000	$'000
As at 1 January 2020	**–**	–
Allowance for expected credit losses	**(5,618)**	–
As at 31 December 2020	**(5,618)**	–

12. INVENTORIES

	Group	
	2020	2019
	$'000	$'000
Steel and consumables	**–**	1,282

During the financial year, included in cost of sales was a provision made for slow-moving inventories amounting to approximately $1,252,000 (2019: $5,154,000).

13. OTHER CURRENT ASSETS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deposits	**496**	563	**–**	–
Prepayments	**306**	291	**14**	11
	802	854	**14**	11

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. ASSETS HELD FOR SALE

Industrial Buildings at 37 & 39 Tech Park Crescent.

	Group	
	2020	**2019**
	$'000	**$'000**
As at 1 January	**9,500**	13,400
Fair value losses	**–**	(3,900)
Disposal	**(9,500)**	–
As at 31 December	**–**	9,500

Valuation process of the Group

As at 31 December 2019, the Group determined the fair value of the investment properties based on the purchase price agreed with a third party to sell its investment properties of $9,500,000. During the financial year ended 31 December 2020, the Group completed the sale of its investment properties.

The industrial buildings were mortgaged to secure the Group's borrowings (Note 20) in the prior year.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	**2019**
	$'000	**$'000**
Shares, at cost	**31,605**	31,605
Capital contribution from waiver of amounts due from a subsidiary	**100,000**	100,000
Impairment losses	**(26,215)**	(9,152)
	105,390	122,453

Details of the Group's subsidiaries are included in Note 29.

Impairment of investments in subsidiaries

During the year, the Company recognised impairment losses of $17,063,000 (2019: $4,368,000) in respect of the investments in certain subsidiaries following a review of their recoverable amounts. The recoverable amounts for these subsidiaries were determined based on their fair value less cost to sell. The fair value less cost to sell is determined by reference to the estimated net realisable values of the net assets of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings $'000	Furniture and fittings and office equipment $'000	Computers $'000	Site building and yard improvement $'000	Site equipment and tools $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group								
2020								
Cost								
Beginning of financial year	15,470	6,031	6,324	80,787	33,086	1,724	1,535	144,957
Currency translation differences	–	–	1	2	21	–	–	24
Additions	–	16	276	5	78	–	–	375
Written off	–	–	–	–	(92)	–	(1,535)	(1,627)
End of financial year	15,470	6,047	6,601	80,794	33,093	1,724	–	143,729
Accumulated depreciation and impairment								
Beginning of financial year	7,493	4,969	6,182	46,260	28,991	1,720	–	95,615
Currency translation differences	–	–	1	2	21	–	–	24
Charge for the financial year	1,003	305	97	4,808	986	1	–	7,200
Written off	–	–	–	–	(9)	–	–	(9)
Impairment	–	–	–	2	1,453	–	–	1,455
End of financial year	8,496	5,274	6,280	51,072	31,442	1,721	–	104,285
Net book value								
End of financial year	6,974	773	321	29,722	1,651	3	–	39,444

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings $'000	Furniture and fittings and office equipment $'000	Computers $'000	Site building and yard improvement $'000	Site equipment and tools $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group								
2019								
Cost								
Beginning of financial year	15,244	6,122	6,237	80,790	33,366	1,720	1,535	145,014
Currency translation differences	–	–	–	1	9	–	–	10
Additions	226	39	120	96	470	4	–	955
Disposals	–	–	–	(90)	(207)	–	–	(297)
Written off	–	(130)	(33)	(10)	(552)	–	–	(725)
End of financial year	15,470	6,031	6,324	80,787	33,086	1,724	1,535	144,957
Accumulated depreciation								
Beginning of financial year	6,506	4,695	6,158	41,439	28,653	1,616	–	89,067
Currency translation differences	–	–	–	1	8	–	–	9
Charge for the financial year	987	320	57	4,920	1,087	104	–	7,475
Disposals	–	–	–	(90)	(206)	–	–	(296)
Written off	–	(46)	(33)	(10)	(551)	–	–	(640)
End of financial year	7,493	4,969	6,182	46,260	28,991	1,720	–	95,615
Net book value								
End of financial year	7,977	1,062	142	34,527	4,095	4	1,535	49,342

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets pledged as security

The Group's West Yard and Main Yard with a carrying amount of $13,792,000 (2019: $15,196,000) and $25,335,000 (2019: Nil) respectively, are mortgaged to secure the Group's bank borrowings (Note 20).

Impairment assessment

The carrying value of the Group's property, plant and equipment as at 31 December 2020 mainly relate to the Group's yards located in Singapore at Gul Road (the "Main Yard") and Pandan Crescent ("West Yard") (collectively, the "Yards"). During the year, the Group carried out an impairment test to assess whether an impairment charge is required for the Yards. As the recoverable amounts of the Yards is higher than its carrying value, no impairment charges were required. The recoverable amounts were assessed based on the estimated market values determined by an independent qualified external valuer, less the estimated cost of disposal.

During the financial year ended 31 December 2020, the Group provided an amount of $1,455,000 for impairment of mainly site equipment and tools as these assets are idle and not in use.

17. LEASES

Group as a lessee

The Group leases various items of office equipment, vehicles and yard facilities. The leases have varying terms, escalation clauses and renewal rights. Leases of yard facilities typically have a lease term between 16 to 23 years, while office equipment and motor vehicles generally have lease terms between 1 to 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are no significant judgements placed on extension clauses in these lease contracts.

The Group also has certain leases of office and dormitory with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group			
	Land $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
As at 1 January 2019	32,238	205	26	32,469
Depreciation expenses	(2,462)	(103)	(21)	(2,586)
Additions	88	–	–	88
As at 31 December 2019	29,864	102	5	29,971
Depreciation expenses	(2,468)	(102)	(4)	(2,574)
As at 31 December 2020	**27,396**	**–**	**1**	**27,397**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. LEASES (CONT'D)

Group as a lessee (Cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group	
	2020	2019
	$'000	$'000
As at 1 January	**30,444**	32,494
Accretion of interest	**905**	968
Payments	**(3,150)**	(3,106)
Additions	**–**	88
As at 31 December	**28,199**	30,444
Current	**2,171**	2,246
Non-current	**26,028**	28,198

The maturity analysis of lease liabilities is disclosed in Note 26(c).

The following are the amounts recognised in profit or loss:

	Group	
	2020	2019
	$'000	$'000
Depreciation expenses	**2,574**	2,586
Interest expenses on lease liabilities included in:		
– Cost of sales	**575**	961
– Finance expenses	**330**	7
Expenses relating to short-term leases included in:		
– Cost of sales	**710**	1,000
– Administrative expenses	**28**	32
Total amount recognised in profit or loss	**4,217**	4,586
Total cash outflow for leases	**2,245**	2,138

There are no low value assets during the financial years ended 31 December 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables	**49,126**	29,497	**1**	84
Amount due to related parties	**33**	28	**–**	–
Amount due to a subsidiary	**–**	–	**787**	–
Accrued operating expenses	**1,781**	1,379	**188**	83
Other payables	**2,018**	1,429	**–**	–
	52,958	32,333	**976**	167

Trade payables are non-interest bearing and are normally settled on 30 days terms.

Amount due to a related party is unsecured, interest-free and repayable on demand.

19. PROVISION FOR ONEROUS CONTRACTS

As at 31 December 2020, the Group had made a provision of $2,127,000 in relating to certain projects that were expected to incur higher costs to complete due to the COVID-19 pandemic.

20. BORROWINGS

	Group	
	2020 $'000	2019 $'000
Bank borrowings	**5,000**	13,308

The exposure of bank borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2020 $'000	2019 $'000
3 months or less	5,000	13,308

Some of the Group's banking facilities with its lenders are subjected to financial covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group did not fulfil the financial covenants as required in the bank facility letters for bank borrowings, relating to the Enterprise Financing Scheme of $5,000,000 and other lines of credit facilities amounting to $28,200,000. As of 31 December 2020, the Group has drawn down bank borrowings of $5,000,000 and utilised credit facilities for banker's guarantees of $16,900,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. BORROWINGS (CONT'D)

Due to the breach of the covenant clauses, the banks are contractually entitled to request for immediate repayment of the bank borrowings of $5,000,000 and terminate the available credit facilities. The banks have not requested early repayment of the loan or withdrawn the credit facilities as of the date when these financial statements were approved by the Board of Directors. Subsequent to year end, a bank agreed to waive the non-compliance of all financial covenants imposed on a subsidiary and will review compliance of these financial covenants based on the audited financial statements of the subsidiary for the financial year ending 31 December 2021.

Bank borrowings are secured by deeds of guarantee and indemnity from the Company. The weighted average effective interest rate on bank borrowings at balance sheet date is 3.00% (2019: 3.30%) per annum.

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

	1 January 2020	Cash flows	Non-cash changes			31 December 2020
			Accretion of interests	Reclassification	Other*	
	$'000	$'000		$'000		$'000
Bank borrowings						
Current	**13,308**	**(13,308)**	**–**	**5,000**	**–**	**5,000**
Non-current	**–**	**5,000**	**–**	**(5,000)**	**–**	**–**
Total borrowings	**13,308**	**(8,308)**	**–**	**–**	**–**	**5,000**
Lease liabilities						
Current	**2,246**	**(3,150)**	**905**	**2,170**	**–**	**2,171**
Non-current	**28,198**	**–**	**–**	**(2,170)**	**–**	**26,028**
Total lease liabilities	**30,444**	**(3,150)**	**905**	**–**	**–**	**28,199**
Total liabilities from financing activities	**43,752**	**(11,458)**	**905**	**–**	**–**	**33,199**

	1 January 2019	Cash flows	Non-cash changes			31 December 2019
			Accretion of interests	Reclassification	Other*	
	$'000	$'000		$'000		$'000
Bank borrowings						
Current	19,993	(6,685)	–	–	–	13,308
Lease liabilities						
Current	2,138	(3,106)	968	2,158	88	2,246
Non-current	30,356	–	–	(2,158)	–	28,198
Total lease liabilities	32,494	(3,106)	968	–	88	30,444
Total liabilities from financing activities	52,487	(9,791)	968	–	88	43,752

* The 'Other' column relates to adjustments to lease liabilities arising from changes in lease payments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. DEFERRED CAPITAL AND GRANTS INCOME

	Group	
	2020	2019
	$'000	$'000
At 1 January	**572**	–
Received during the year	**4,522**	746
Amortisation	**(4,000)**	(174)
As at 31 December	**1,094**	572
Current	**820**	149
Non-current	**274**	423

Government grants relates to cash received for the purchase of certain items of property, plant and equipment and the JSS. There are no unfulfilled conditions or contingencies attached to these grants.

22. DEFERRED INCOME TAXES

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unutilised tax losses of approximately $93,024,000 (2019: $45,565,000) and unabsorbed capital allowances of approximately $3,700,000 (2019: $1,487,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain requirements by the relevant tax authorities. No deferred tax is recognised on these amounts due to the uncertainty of its recoverability. The tax losses and capital allowances have no expiry date.

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	2020	2019
	$'000	$'000
Deferred income tax liabilities		
Differences in depreciation for tax purposes		
Beginning of financial year	**16**	17
Currency translation differences	**–**	(1)
End of financial year	**16**	16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. SHARE CAPITAL

	No. of ordinary shares '000	Amount $'000
Group and Company		
2020		
Beginning and end of financial year	**1,023,211**	**145,271**
2019		
Beginning and end of financial year	1,023,211	145,271

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

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

24. OTHER RESERVES

	Group 2020 $'000	Group 2019 $'000
(a) Composition:		
Foreign currency translation reserve	**102**	(342)
Asset revaluation reserve	**–**	633
	102	291
(b) Movements:		
(i) Foreign currency translation reserve		
Beginning of financial year	**(342)**	(503)
Net currency translation differences of financial statements of foreign subsidiaries	**472**	174
Non-controlling interests	**(28)**	(13)
	444	161
End of financial year	**102**	(342)
(ii) Asset revaluation reserve		
Beginning of financial year	**633**	633
Disposal of assets held for sale (Note 14)	**(633)**	–
End of financial year	**–**	633

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. LOSS PER SHARE

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

	Group	
	2020	**2019**
	$'000	**$'000**
Net loss attributable to equity holders of the Company	**(58,403)**	(23,713)
Weighted average number of ordinary shares outstanding ('000)	**1,023,211**	1,023,211
Basic/diluted loss per share (cents per share)	**(5.71)**	(2.32)

The Company does not have any potential ordinary shares.

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The senior management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than the Singapore Dollar ("SGD"), which is the functional currency of most of the companies in the Group.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Group manages the foreign exchange exposure by keeping cash balances in different currencies and maintaining a policy of matching as far as possible, receipts and payments in each currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

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

	SGD $'000	USD $'000	RM $'000	PHP $'000	Others $'000	Total $'000
31 December 2020						
Financial assets						
Cash and cash equivalents	33,103	12,866	153	16	81	46,219
Trade and other receivables	25,171	3,335	–	35	39	28,580
Deposits	496	–	–	–	–	496
Total financial assets	58,770	16,201	153	51	120	75,295
Financial liabilities						
Trade and other payables	51,148	1,655	7	104	44	52,958
Bank borrowings	5,000	–	–	–	–	5,000
Lease liabilities	28,199	–	–	–	–	28,199
Total financial liabilities	84,347	1,655	7	104	44	86,157
Net financial (liabilities)/ assets and currency profile of financial instruments	(25,577)	14,546	146	(53)	76	(10,862)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

	SGD $'000	USD $'000	RM $'000	PHP $'000	Others $'000	Total $'000
31 December 2019						
Financial assets						
Cash and cash equivalents	25,395	1,576	33	19	163	27,186
Trade and other receivables	15,384	8,580	620	33	151	24,768
Deposits	563	–	–	–	–	563
Total financial assets	41,342	10,156	653	52	314	52,517
Financial liabilities						
Trade and other payables	30,401	1,653	122	111	46	32,333
Bank borrowings	13,308	–	–	–	–	13,308
Lease liabilities	30,444	–	–	–	–	30,444
Total financial liabilities	74,153	1,653	122	111	46	76,085
Net financial (liabilities)/ assets and currency profile of financial instruments	(32,811)	8,503	531	(59)	268	(23,568)

If the USD changes against the SGD by 5% (2019: 5%) with all other variables including tax rate being held constant, the effects to the Group's loss after tax arising from the net financial liability/ asset position at balance sheet date will be as follows:

	Increase/(Decrease) 2020 Loss after tax $'000	2019 Loss after tax $'000
Group		
USD against SGD		
– Strengthened	**(727)**	(425)
– Weakened	**727**	425

The Company is not exposed to significant currency risk as it transacts mainly in SGD, which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If SGD interest rates were higher/lower by 0.5% (2019: 0.5%) during the year with all other variables including tax rate being held constant, the loss (2019: profit) after tax would have been higher/lower (2019: lower/higher) by $25,000 (2019: $67,000) as a result of higher/lower interest expense on these borrowings.

(b) 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 contract assets. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

The Group determines the default event on a financial asset on a case-by-case basis assessment which includes the counterparty going into bankruptcy or a request for a discounted repayment scheme is received due to financial difficulties.

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

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.

For the year ended 31 December 2020, expected credit losses of $437,000 (2019: $73,000) were recorded in relation to trade receivables and contract assets with a customer facing financial difficulties amounting to $437,000 (2019: $137,000) and $Nil (2019: $950,000) respectively.

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. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

Exposure to credit risk

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

	Group	
	2020	**2019**
	$'000	**$'000**
By types of customers		
Related party	**3,773**	2,317
Non-related parties – Multi-national companies	**25,303**	21,726
	29,076	24,043

The trade receivables of the Group comprise 4 debtors (2019: 5 debtors) that represented 93% (2019: 83%) of trade receivables. As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit–ratings assigned by international credit–rating agencies. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group. The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and advance to subsidiaries (Note 11).

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Past due up to 3 months	**1,345**	1,806
Past due 3 to 6 months	**–**	628
Past due more than 6 months	**52**	–
	1,397	2,434

(c) Liquidity risk

The Group and the Company manages its liquidity risk by maintaining sufficient cash and bank balances to enable them to meet their normal operating commitments.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 5 years**	**More than 5 years**
	$'000	**$'000**	**$'000**
Group			
31 December 2020			
Trade and other payables (Note 18)	**52,958**	**–**	**–**
Bank borrowings (Note 20)	**5,000**	**–**	**–**
Lease liabilities (Note 17)	**2,171**	**26,028**	**–**
	60,129	**26,028**	**–**
31 December 2019			
Trade and other payables (Note 18)	32,333	–	–
Bank borrowings (Note 20)	13,308	–	–
Lease liabilities (Note 17)	2,246	11,530	16,668
	47,887	11,530	16,668

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Less than 1 year $'000	Between 1 and 5 years $'000
Company		
31 December 2020		
Trade and other payables (Note 18)	**976**	**–**
31 December 2019		
Trade and other payables (Note 18)	167	–

(d) Capital risk

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

Management monitors capital based on gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt refers to total borrowings (Note 20), while total capital is calculated as total equity plus total debt.

The Group's strategy, which remains unchanged during the financial years ended 31 December 2020 and 2019, is to maintain a gearing ratio of not exceeding 50%.

The Group and the Company are in compliance with all externally imposed capital requirements as at 31 December 2020.

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Total debt	**5,000**	13,308	**–**	–
Total equity	**23,658**	81,616	**104,828**	128,219
Total capital	**28,658**	94,924	**104,828**	128,219
Gearing ratio	**21%**	16%	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(e) Fair value measurements

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

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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.

The Group and the Company does not have any financial assets or financial liabilities that are measured at fair values during or at the end of the financial year.

(f) Financial instruments by category

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Total financial assets at amortised cost	**75,295**	52,517	**400**	5,922
Total financial liabilities at amortised cost	**86,157**	76,085	**976**	167

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

Other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	Group	
	2020 $'000	2019 $'000
Transactions with a corporate shareholder and its related companies		
Fabrication of topside modules and other ad-hoc services rendered	**12,889**	9,315
Sub-contracting and other ad-hoc services procured	**(1,899)**	(227)
Transactions with related companies of a director		
Corporate secretarial services procured	**(69)**	(44)
Professional services procured	**–**	(3)

Outstanding balances as at the end of the financial year, arising from transactions with other related parties, are unsecured and recoverable/payable within 12 months from balance sheet date and are disclosed in Notes 11 and 18 respectively.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2020 $'000	2019 $'000
Directors		
Wages and salaries	**1,330**	2,917
Employer's contribution to defined contribution plans, including Central Provident Fund	**32**	35
Other benefits	**24**	39
	1,386	2,991
Senior Management		
Wages and salaries	**1,003**	1,445
Employer's contribution to defined contribution plans, including Central Provident Fund	**60**	56
Other benefits	**13**	23
	1,076	1,524
	2,462	4,515

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a business segment perspective. Management manages and monitors the business in the two primary business segments: Module business and Ad-hoc projects.

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

	Module business $'000	Ad–hoc projects $'000	Total $'000
2020			
Revenue			
Segment revenue to external parties	**75,701**	**8,336**	**84,037**
Segment gross (loss)/profit	**(30,606)**	**151**	**(30,455)**
2019			
Revenue			
Segment revenue to external parties	85,646	12,195	97,841
Segment gross (loss)/profit	(869)	2,561	1,692

(a) Reconciliations

A reconciliation of segment gross (loss)/profit to net loss is as follows:

	Group	
	2020 $'000	2019 $'000
Segment gross (loss)/profit for reportable segments	**(30,455)**	1,692
Other income	**7,173**	1,078
Other expenses	**(3,838)**	(4,726)
Administrative expenses	**(30,554)**	(21,474)
Finance expenses	**(773)**	(540)
Loss before tax	**(58,447)**	(23,970)
Income tax credit/(expense)	**17**	(28)
Net loss	**(58,430)**	(23,998)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

The Group's revenue, based on the customers' location, are mainly in Asia Pacific (Singapore, Malaysia and Australia) and Europe (Norway & Switzerland).

	2020 $'000	2019 $'000
Asia Pacific	16,496	15,982
Europe	67,523	78,012
Americas	18	3,847
	84,037	97,841

The Group's property, plant and equipment are located mainly in Singapore as at 31 December 2020.

(c) Revenue from major customers

For the year ended 31 December 2020, the Group's three largest customers by revenue in aggregate, accounted for 96% (2019: 93%) of total revenue.

The Group generates revenues from transactions with two (2019: one) major customer, making up greater than 10% of the Group's revenue, amounting to a total of $78,177,000 (2019: $78,012,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Held by the company								
Dyna-Mac Engineering Services Pte. Ltd.[(a)]	Contractors for project management, engineering, fabrication and installation of land and marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Marine and Heavy Engineering Pte. Ltd.[(a)]	Contractors for project management, engineering, fabrication and installation of marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Offshore Services Pte. Ltd.[(a)]	Contractors for repair and marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Engineering (HK) Pte. Ltd.[(e)]	Provides project management services for projects in the People's Republic of China	Hong Kong	**100**	100	**100**	100	**–**	–
DM Haven Automation Industries (S) Pte. Ltd.[(a)]	Repair of ships, tankers and other ocean-going vessels, manufacture and repair of marine engine and ship parts, and the provision of manpower resources for shipping-related projects	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Keppel Philippines Inc.[(b)]	Contractors for project management, engineering, fabrication and installation of land and marine works	Philippines	**60**	60	**60**	60	**40**	40

29. LISTING OF COMPANIES IN THE GROUP (CONT'D)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non–controlling interests	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Held by subsidiaries								
Dyna–Mac Engineering Services Sdn. Bhd.[(c)]	Contractors for construction works	Malaysia	**–**	–	**100**	100	**–**	–
DMP Marine Fabricator (Nansha) Co. Ltd.[(d)]	Contractors for project management, engineering, fabrication and installation of land and marine works	People's Republic of China	**–**	–	**–**	70	**–**	30
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd	Contractors for project management, engineering, fabrication and installation of land and marine work	People's Republic of China	**–**	–	**100**	100	**100**	100
Dyna-Mac Marine Engineering (Shanghai) Co., Ltd[(d)]	Contractors for project management, engineering, fabrication and installation of land and marine work	People's Republic of China	**–**	–	**–**	100	**–**	100
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd	Contractors for project management, engineering, fabrication and installation of marine works	People's Republic of China	**100**	–	**100**	–	**–**	–
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd	Contractors for project management, engineering, fabrication and installation of marine works	People's Republic of China	**–**	–	**51**	–	**49**	–

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by Isla Lipana & Co., PwC member firm, Philippines
(c) Audited by G K LYE PLT., Malaysia
(d) Voluntarily dissolved during the financial year
(e) Audited by Armando Y. C. Chung & Co., Hong Kong

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Dyna–Mac Holdings Ltd. on Date

INTERESTED PERSON **TRANSACTION DISCLOSURE**

Name of Interested Person	Aggregate value of all interested pers on transactions during the financial period 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 a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	12 months ended 31-Dec-2020 $'000	12 months ended 31-Dec-2019 $'000	12 months ended 31-Dec-2020 $'000	12 months ended 31-Dec-2019 $'000
PURCHASES AND OTHER EXPENSES				
Green Scan Pte Ltd				
Subcontracting Services	–	–	341	211
Asian Lift Pte Ltd				
Rental of floating crane/barge	–	–	1,550	27
REVENUE				
Keppel FELS Limited				
Other Adhoc projects (other services) ie: Barge Hiring/Provision of Berthing Space/ Subcontracting Services	–	–	–	1,363
Keppel Shipyard Limited				
Subcontracting Services	–	–	12,889	7,925

This page has been intentionally left blank

DYNA-MAC HOLDINGS LTD.
45 Gul Road
Singapore 629350
T: +65 6415 0880 | F: +65 6862 0516
E: mktg@dyna-mac.com
www.dyna-mac.com