TriTech

TRITECH GROUP LIMITED

# BUILDING VALUE TOGETHER

ANNUAL 2019 REPORT

# BUSINESS SEGMENTS

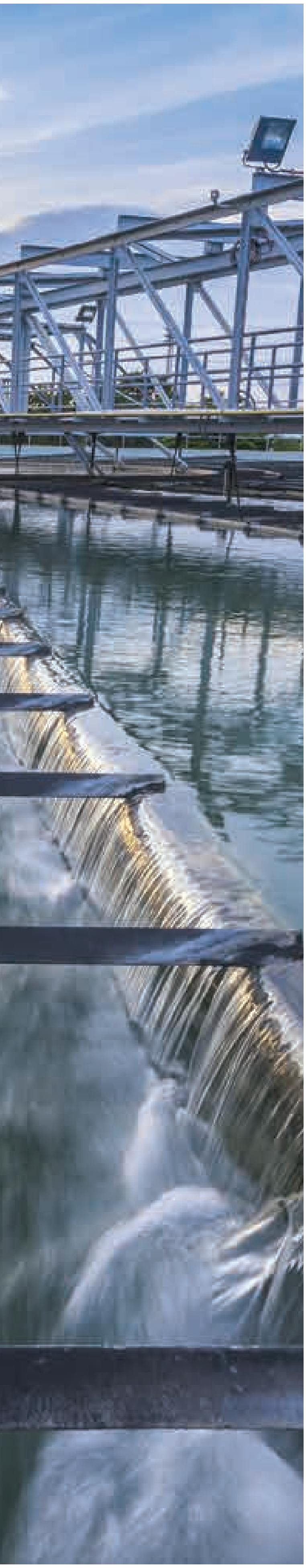
## URBAN & ENVIRONMENTAL INFRASTRUCTURE BUSINESS

### SPECIALIST ENGINEERING DIVISION

- ✓ Provision of geotechnical instrumentation and monitoring services, geotechnical and geological site explorations, investigations, analysis and testing for general and infrastructure construction
- ✓ Provision of design, consultancy and project management services for infrastructure, environmental, geotechnical, civil and rock engineering works
- ✓ Provision of products and related services that deploy Machine-to-Machine (M2M) technology
- ✓ Supply and installation of Tritech's own brand of geotechnical instruments
- ✓ Provision of Automatic Tunnel Monitoring Survey (ATMS) and other land surveying work

## WATER & ENVIRONMENTAL PROTECTION BUSINESS

- ✓ Manufacturing of membranes for water treatment and desalination systems, portable small-to-medium scale desalinators
- ✓ Production and sale of bottled drinking water and dispensers; and marketing of related technologies, systems and services
- ✓ Supply of water quality monitoring products and services



# CORPORATE PROFILE

Established in 1999, Tritech Group Limited ("Tritech" and together with its subsidiaries, the "Group") has grown into a leading water & environmental group with two key business segments – "Urban & Environmental Infrastructure" under TGL Engineering Group, and "Water & Environmental Protection" under Tritech Environmental Group. Since inception, Tritech has built an excellent reputation as a specialist engineering group with capabilities to provide a full range of engineering services from project planning, site investigations, design & consultancy, instrumentation & monitoring, construction, supervision & management. The Group serves a broad range of industries, such as infrastructure, oil & gas, commercial and high-end residential property developments. Led by an experienced management team of highly qualified professionals that includes eight PhD holders, the Group is one of few engineering groups in Singapore with the technical expertise and capabilities to provide services that span across the entire value chain.

Over the years, the Group has established a strong foothold in projects for government statutory boards such as the JTC Corporation, Land Transport Authority, Public Utilities Board and Housing and Development Board. It has a proven track record in a multitude of high profile public and private sector projects in Singapore, including the MRT Circle, Downtown and Thomson-East Coast Lines, Jurong Rock Cavern, Underground Drainage & Reservoir System, Reflections @ Keppel Bay, Interlace and Marina One.

As part of the Group's strategy to strengthen its growth prospects, Tritech has expanded into the Water & Environmental Protection business. For its Water & Environmental Protection business, the Group has built a unique platform to provide total solutions for water and environmental problems in the People's Republic of China ("PRC") and region.

Tritech was listed on SGX Catalist in Singapore on 21 August 2008.

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# BUSINESS MODEL

## URBAN & ENVIRONMENTAL INFRASTRUCTURE BUSINESS

### GEOTECHNICAL SERVICES

✓ Geotechnical instrumentation, installation and maintenance

✓ Monitoring services

✓ Geotechnical investigation, exploration, analysis and testing for construction

### DESIGN, CONSULTANCY AND PROJECT MANAGEMENT SERVICES

✓ Services range from initial feasibility study to planning, site investigation, design and construction control services

### PROVISION OF MACHINE-TO-MACHINE (M2M) PRODUCTS AND SERVICES

✓ Provision of products and related services

### PROVISION OF GEOTECHNICAL INSTRUMENTS

✓ Supply and installation of Tritech's own brand of geotechnical products

### ENGINEERING SURVEY

✓ Provision of Automatic Tunnel Monitoring Survey (ATMS) and other land surveying work

## WATER & ENVIRONMENTAL PROTECTION BUSINESS

### WATER TREATMENT TECHNOLOGIES

✓ Convert seawater or raw municipal water into potable water

✓ Bottled drinking water and Water Dispensers (no electricity needed). Good for remote villages where electricity is not available

✓ Membrane manufacturing and supply for waste water, seawater desalination, and potable water plants for existing industries and residents

✓ Provision of real-time water quality monitoring services (Tritech is providing this service to the Singapore Government)

✓ Supply of mobile water purification units to any remote villages or coastal settlements

✓ Turnkey contractor for desalination plants

# GROUP STRUCTURE

TriTech 三泰集团

TRITECH GROUP LIMITED (AS AT 31ST MARCH 2019)

- 100% **TGL ENGINEERING GROUP PTE. LTD.** （三泰工程集团有限公司）
  - 100% Tritech Engineering & Testing (Singapore) Pte. Ltd. (三泰工程及测试(新加坡)有限公司)
  - 100% Tritech Consultants Pte. Ltd. (新加坡三泰国际工程咨询有限公司)
  - 100% Tritech Geotechnic Pte. Ltd. (新加坡三泰岩土工程有限公司)
  - 100% Tritech Instruments Pte. Ltd. (新加坡三泰仪器有限公司)
  - 100% Terra Tritech Engineering (M) Sdn. Bhd. (三泰工程(马来西亚)有限公司)
  - 100% Presscrete Engineering Pte. Ltd. (蓓力工程有限公司) *Discontinued operation*
- 60% **GEOSOFT PTE. LTD.** (吉奥软件有限公司)
- 100% **TRITECH ENVIRONMENTAL GROUP CO., LTD.** (三泰环境集团有限公司)
  - 100% Tritech (Qingdao) Membrane Technologies Co., Ltd. (三泰(青岛)膜科技有限公司)
  - 100% Anhui Clean Environment Biotechnology Co., Ltd. (安徽省科林环境生物技术有限公司)
  - 100% Tritech Vavie (Qingdao) Health Care Technologies Co., Ltd. (三泰万维思源(青岛)健康科技有限公司)
    - 30% Tritech Vavie (Shanghai) Healthcare Technologies Co. Ltd. (三泰万维思源(上海)健康科技有限公司)
    - 100% Tritech Vavie (Beijing) Healthcare Technologies Co. Ltd. (三泰万维思源(北京)健康科技有限公司)
  - 100% Beijing Wisetec Technologies Co., Ltd. (北京伟思德克科技有限责任公司)
  - 100% Tritech Water Technologies Pte. Ltd. (新加坡三泰水技术有限公司)
  - 100% Tritech SysEng (S) Pte. Ltd. (新加坡三泰赛森有限公司)
- **DIVISION FOR REGIONAL BUSINESS & MARKETING DEVELOPMENT** ("RBMD") 区域业务及市场开发部

**URBAN & ENVIRONMENTAL INFRASTRUCTURE** (城市与环境基础设施业务)

**WATER & ENVIRONMENTAL PROTECTION** (水与环境的保护业务)

# MESSAGE TO SHAREHOLDERS

During FY2019, the Group strategically aligned its engineering business to focus on high technology-oriented projects. Tritech has a first-mover advantage as we have various in-house construction-related technologies that will give us a distinct competitive edge.

**DEAR SHAREHOLDERS,**

On behalf of the Board of Directors, we are pleased to present Tritech Group Limited's ("Tritech" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 March 2019 ("FY2019").

During the year under review, the Group strategically aligned its engineering business to focus on high technology-oriented projects in view of the intense competition surrounding the infrastructural construction business. This led to the Group's decision to dispose its loss-making subsidiary, Presscrete Engineering Pte Ltd ("Presscrete") which is engaged primarily in structural and ground engineering services for infrastructure developments.

With the disposal of Presscrete completed in May 2019, we will now channel our resources towards growing the Group's business in specialised engineering projects that involve greater technology content. Typically, such projects face relatively less competition and offer better profit margins. Tritech already has first-mover advantage as we have developed various in-house construction-related technologies that will give us a distinct competitive edge in this segment of the engineering field. We will also continue to develop our water-related and environmental business which has been reaping the rewards of our concerted marketing efforts.

**FY2019 FINANCIAL PERFORMANCE**

Following the completion of the disposal of Presscrete ("Discontinued Operations"), this company has ceased to be a subsidiary of the Group with effect from 21 May 2019. The Group's continuing operations comprise the engineering and water-related and environmental businesses ("Continuing Operations").

In FY2019, the Continuing Operations recorded revenue of $39.7 million, a decrease of $8.2 million from $47.9 million in FY2018. This was due mainly to lower revenue from the engineering business. Notwithstanding lower revenue, the Group recorded an increase in gross profit to $8.6 million in FY2019 compared to $6.5 million in FY2018, attributed to a decline in direct costs of the engineering and water-related and environmental businesses.

Together with lower operating expenses, the Group posted a substantial reduction in its loss after tax from Continuing Operations to $8.5 million in FY2019 from $19.6 million in FY2018.

The Group recorded a loss after tax of $27.3 million in FY2019 from Continuing Operations and Discontinued Operations, as compared to a loss after tax of $12.4 million in FY2018. Presscrete recorded a larger loss of $18.8 million in FY2019, as compared to $2.1 million in FY2018.

### LEVERAGING ON BIG DATA ANALYTICS AND ADVANCED TECHNOLOGIES TO DRIVE OUR ENGINEERING SERVICES

The engineering business segment of the Group's Continuing Operations registered lower revenue of $25.0 million in FY2019, a decline of $7.8 million from $32.8 million in FY2018. As a result, the engineering business recorded a loss before tax of $0.4 million in FY2019, an increase from the loss of $0.2 million in FY2018.

The disposal of Presscrete was in line with the Group's strategy to enhance the profit margin of its engineering business by focusing on high technology-oriented projects. As Presscrete's business relied greatly on the use of heavy machinery and hiring of construction workers, we had to continuously contend with labour shortages and rising labour costs in Singapore. In addition, the business environment for Presscrete has become increasingly competitive, which places greater pressure on its profit margins. Consequently, Presscrete recorded a larger loss in FY2019. Following the disposal of Presscrete, the Group will be able to focus its capital and financial resources on growing its technology-driven engineering services.

Over the years, Tritech has developed and enhanced its technologies which have been widely deployed in various construction and engineering projects. Some of the Group's key technologies include our automatic remote real time monitoring for construction of MRT and underground projects; horizontal directional coring technology for site investigations; and underground space design and development for data centres and oil storage caverns.

Notably, the Group is working together with a government agency in a joint R&D project to utilise Big Data Analytics (BDA) and artificial intelligence (AI) neural network technology for the predication of ground settlement caused by bored tunneling. With BDA and AI, we will be able to advance from using only empirical formula and simplified simulation to draw a prediction, to a higher-level analysis that enables intelligence in settlement predication and better predicative accuracy. This helps to enhance risk management and the decision-making process for tunneling works.

Leveraging on BDA and cloud computing, the Group has also developed a Tunneling and Excavation Web-based Monitoring System (TEMS) which is an advanced programming concept that aids project management, data collection, data analytics and monitoring of projects. TEMS has been deployed in various tunneling projects related to the construction of the MRT in Singapore. Our subsidiary Geosoft Pte Ltd has also developed cutting-edge geotechnical modelling software products for the construction industry such as GeoFEA which is an innovative solution that enables fast and sophisticated construction of complicated geotechnical models for finite element analysis.

Looking ahead, the operating environment for the engineering business is expected to remain difficult. The Group's strategy is to focus on securing contracts that have higher technology content, and marketing our in-house technologies such as TEMS, BDA and GeoFEA where the Group has built a leading market position.

As a testament to Tritech's industry standing, the Group continued to bag new contracts during FY2019 for public sector projects.

In September 2018, the Group's wholly-owned subsidiary Tritech Engineering & Testing (Singapore) Pte. Ltd. ("Tritech Engineering") was awarded a $7.99 million contract for "Instrumentation and Monitoring Works for the Tuas Water Reclamation Plant" by Public Utilities Board ("PUB"). This contract is expected

# MESSAGE TO SHAREHOLDERS

Our marketing initiatives for the water-related and environmental business are yielding results as the Group was awarded two public-private partnership projects in China this year.

to be completed by 31 January 2026. The PUB has also awarded another $7.125 million contract to Tritech Engineering in April 2019 for the "Instrumentation and Monitoring Works for the Deep Tunnel Sewage System (DTSS) Phase 2 Project – Link Sewers (Schedule I)". This project has recently commenced in June 2019 and is expected to be completed on 2 April 2025.

In May 2019, Tritech Engineering secured a $16.879 million contract with the Land Transport Authority in relation to the provision of instrumentation and monitoring works for the North-South Corridor Contract N102. The completion date for this contract is estimated to be 31 December 2026.

### WATER-RELATED AND ENVIRONMENTAL BUSINESS AWARDED TWO LARGE-SCALE PROJECTS IN CHINA

The Group's water-related and environmental business recorded revenue of $14.7 million in FY2019, a marginal decrease of $0.3 million from $15.0 million in FY2018. This segment however, reported a significantly lower loss before tax of $3.9 million in FY2019 compared to $8.7 million in FY2018.

The Group provides one-stop water treatment solutions in China and the region. The Group's competitive edge stems from our unique platform which encompasses a complete suite of solutions from the design and supply of membrane and membrane-related products, provision of Engineering, Procurement and Construction (EPC) services for water treatment projects, operation of water treatment plants, to the supply of water quality and environmental monitoring services.

We have expended considerable efforts to grow our water-related and environmental business by forging strategic alliances and partnerships, as well as stepping up our marketing activities in China and the region. Our marketing initiatives have been yielding results as the Group was awarded two public-private partnership projects in China that have an aggregate investment value of RMB859 million.

In January 2019, the Group's wholly-owned subsidiary, Anhui Clean Environment Biotechnology Co., Ltd. ("Anhui Clean Environment") was awarded a public-private partnership project in Jixian county, Heilongjiang Province, the People's Republic of China ("Heilongjiang Project") by the 黑龙江集贤县经济开发区管理委员会 (Jixian County Economic Development Zone Management Committee) ("Jixian County"). The Heilongjiang Project will entail the construction of a new sewage treatment plant with a capacity of 20,000 $m^3$/day, installation of a municipal drainage pipe network of approximately 6,200 meters, construction and installation of sludge disposal systems and relevant ancillary installations, operation and maintenance of the sewage treatment plant.

The Heilongjiang Project will be undertaken by a project company to be jointly incorporated by Jixian County, the local government, and a consortium including Anhui Clean Environment and Heilongjiang Textile Design Institute ("Consortium").

The Consortium will hold an 80% equity stake in the project company whilst Jixian County will hold the remaining 20% equity stake. The initial Consortium funding for the Heilongjiang project is approximately RMB132 million. The Heilongjiang Project is awarded with a construction-operation-transfer period of 12 years, including a two-year construction period.

Following on the heels of the Heilongjiang Project, the Group's wholly-owned subsidiary Tritech Environmental Group Co., Ltd ("Tritech Environment") had in April 2019 clinched another public-private partnership project in Laifeng county, Hubei Province ("Hubei Project") from 湖北省来凤县住房和城乡建设局 (Laifeng County Housing and Urban Development Bureau).

The Hubei Project will involve the transfer of infrastructure in connection with 来凤县城市污水处理厂 (Laifeng County Urban Wastewater Treatment Plant); construction, upgrading and expansion of sewage treatment plant with a capacity of 35,100 $m^3$/day; installation, operation and maintenance of the sewage treatment plant.

The Hubei Project will be undertaken by a project company to be jointly incorporated by Tritech Environment (51% equity stake) and 来凤县城市建设投资有限公司 (Laifeng County Urban Development and Investment Co. Ltd) (49% equity stake), the local government-owned entity. The estimated investment is approximately RMB727 million for the Hubei Project which has a construction-operation-transfer period of 30 years, inclusive of a three-year construction period.

Notwithstanding its success in securing these projects, the Group remains cognisant of the challenges in light of the prevailing uncertainties in China and the global economy. As such, the Group will stay vigilant on the changes in business environment, continue to optimise our operations and keep tight control of our costs. To mitigate business risks, we will continue to look actively for local partners in China to strengthen the Group's position, as well as seek opportunities to diversify into other markets, especially within the Southeast Asia region.

## APPRECIATION

On behalf of the Board, we would also like to extend our appreciation to our valued shareholders, customers, suppliers and business partners for their continued trust and support of Tritech. We would also like to thank our fellow Directors for their counsel and contributions, and express our gratitude to the management and staff of Tritech for their dedicated service, hard work and commitment.

**PROFESSOR YONG KWET YEW**
Non-Executive Chairman

**DR JEFFREY WANG**
Managing Director

# FINANCIAL REVIEW

## INCOME STATEMENT

### Continuing Operations

For the financial year ended 31 March 2019 ("FY2019"), the Group registered revenue of $39.7 million, a decrease of $8.2 million from $47.9 million in FY2018. This was due mainly to a revenue decline of $7.8 million at the engineering business and a decrease in revenue of $0.3 million at the water-related and environmental business.

The engineering business recorded lower revenue of $25.0 million in FY2019, compared to $32.8 million in FY2018. Revenue of the water-related and environmental business decreased to $14.7 million in FY2019 from $15.0 million in FY2018.

As a result of lower direct costs of the engineering business and water-related and environmental business, the Group benefited from an increase in its gross profit to $8.6 million in FY2019, up $2.1 million from $6.5 million in FY2018.

The Group's distribution expenses declined $0.2 million to $0.8 million in FY2019, from $1.0 million in FY2018. This was due mainly to lower employee-related expenses at the water-related and environmental business owing to a decrease in headcount. The Group's administrative expenses decreased $1.0 million to $8.4 million in FY2019 from $9.4 million in FY2018, due mainly to lower staff-related costs in tandem with reduced headcount and a decline in professional fees.

The Group had other expenses of $4.8 million in FY2019, a decline of $8.2 million from $13.0 million in FY2018. This was due mainly to the decrease in fair value loss on investment securities, which relates to the reclassification of the Terratech Group Limited ("Terratech") shares held by the Company as investment securities following the completion of the reverse takeover of Terratech from $5.9 million in FY2018 to $0.9 million in FY2019. The remaining decrease of $3.2 million was due mainly to lower office and accommodation rental as well as the absence of impairment loss on leasehold properties of water-related and environmental business in FY2019.

Finance costs declined $0.3 million to $3.4 million in FY2019 from $3.7 million in FY2018.

As a result of the above factors, the Group recorded a lower loss after tax from continuing operations of $8.5 million in FY2019 as compared to a loss after tax from continuing operations of $19.6 million in FY2018.

### Discontinued Operations (Presscrete Engineering Pte. Ltd.)

On 22 May 2019, the Company announced that the disposal of Presscrete Engineering Pte. Ltd. ("Presscrete") was completed on 21 May 2019. Accordingly, Presscrete has ceased to be a subsidiary of the Company. In accordance with SFRS(I) 5, the results of Presscrete have been presented separately on the consolidation income statement as Discontinued Operations.

Presscrete recorded losses of $18.8 million and $2.1 million from Discontinued Operations in FY2019 and FY2018 respectively. Consequently, the Group recorded an overall loss after tax of $27.3 million in FY2019 as compared to a loss after tax of $12.4 million in FY2018.

## FINANCIAL POSITION

As at 31 March 2019, the Group had non-current assets amounting to $39.7 million, a decrease of $16.4 million from $56.1 million as at 31 March 2018. The decrease was due mainly to the transfer of the assets of Presscrete into assets held for sale amounting to $5.0 million, impairment loss on plant and equipment of $7.6 million, amortisation and depreciation charges of $4.5 million, disposal and write-off of plant and equipment of $0.2 million and foreign exchange translation loss of $1.0 million which was offset against the addition of new plant and equipment of $2.0 million.

The Group had current assets of $68.2 million as at 31 March 2019. Excluding the assets held for sale from the Discontinued Operations of $14.8 million as at 31 March 2019, the Group's current assets declined $18.1 million to $53.4 million as at 31 March 2019 from $71.5 million as at 31 March 2018. The decline was attributed mainly to the decrease in inventories of $1.6 million arising from utilisation of inventories, decrease in contract assets of $12.2 million upon completion of certain projects from the engineering and water-related and environmental businesses, decrease in prepayments of $1.3 million, decrease in investment securities of $0.9 million relating to fair value adjustment and a decrease of $2.5 million in cash and bank balances. The decline in current assets was partially offset by an increase in trade and other receivables of $0.4 million arising from the water-related and environmental business in the PRC.

As at 31 March 2019, current liabilities stood at $77.7 million. Excluding the liabilities associated with the Discontinued Operations amounting to $14.0 million, the Group's current liabilities decreased $2.6 million to $63.7 million as at 31 March 2019 from $66.3 million as at 31 March 2018. This was attributable mainly to a decrease in trade and other payables of $6.2 million due to settlement of other payables, decrease in contract liabilities of $2.9 million, decrease in bank borrowings of $0.5 million, decrease in finance lease of $1.4 million arising from repayment and decrease in income tax payable of $0.1 million. The decline in current liabilities was partially offset by the increase in convertible loans of $3.9 million arising from the reclassification of convertible loans of $3.3 million from non-current liabilities to current liabilities and the imputed interest of $0.6 million, and an increase in interest bearing and interest free loans from shareholders of $4.6 million.

Non-current liabilities were $3.3 million as at 31 March 2019, a decrease of $3.5 million from $6.8 million as at 31 March 2018. This was due mainly to the repayment of bank borrowings of $0.1 million, finance lease payables of $1.0 million, the reclassification of the liabilities component of convertible loan of $3.3 million to current liabilities and a decrease in deferred tax liabilities of $0.1 million, which was offset by an increase in interest free shareholder loan of $1.0 million.

As at 31 March 2019, the Group had negative working capital of $9.5 million as compared to positive working capital of $5.1 million as at 31 March 2018. Notwithstanding the negative working capital, the Board is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the completion of disposal of Presscrete, the Group will be able to meet its short term obligations as and when they fall due.

### CASH FLOW STATEMENT

In FY2019, the Group recorded net cash used in operating activities of $4.7 million. This was due mainly to an operating cash outflow of $9.1 million before working capital changes and partially offset by working capital inflow of $4.4 million. The working capital inflow was attributed to a decrease in contract assets, decrease in inventories, decrease in prepayments, decrease in trade and other payables and decrease in contract liabilities, which were offset by an increase in trade and other receivables.

Net cash used in investing activities amounted to $1.7 million in FY2019, due mainly for purchase of new plant and machinery for the engineering, water-related and environmental businesses. This was partially offset by the proceeds from disposal of plant and equipment.

The Group generated net cash from financing activities of $7.4 million in FY2019, attributable mainly to cash inflow of $22.3 million from bank borrowings, proceeds from shareholders' loan of $7.0 million and decrease in fixed deposit pledged of $2.2 million. This inflow was partially offset by cash outflow of $24.1 million for the repayment of bank borrowings, convertible loan interest, finance lease and interest payment.

# URBAN & ENVIRONMENTAL INFRASTRUCTURE

Tritech has strategically aligned its engineering business to focus on specialised projects that involve greater technology content.

Tritech has deployed its in-house technologies for various construction projects in Singapore. Using big data analytics and advanced technologies in our services, we believe Tritech is able to stay at the forefront of competition especially for engineering projects with high technology content.

# BOARD OF DIRECTORS

## PROFESSOR YONG KWET YEW

*Non-Executive Chairman and Independent Director*

Professor Yong Kwet Yew is our Non-Executive Chairman and Independent Director and was first appointed to the board of directors on 9 June 2008. He was last re-elected to the board directors at the Company's annual general meeting held on 26 July 2017. Professor Yong is a highly regarded geotechnical specialist in Singapore and Southeast Asia. He completed his PhD under a Grouped Scholarship in Engineering from the University of Sheffield, UK. He has delivered 30 keynotes and guest lectures at international conferences and published more than 200 technical papers. He has also served as a consultant in over 100 major construction projects in the region. Professor Yong was the Past Chairman of Association of Geotechnical Studies in Southeast Asia and he chairs several government advisory committees and professional committees. He has received many National awards including the Public Administration Medal, the Public Service Medal and Public Service Star in the year of 2000, 2004 and 2008 for significant contributions to university administration, construction safety and land transport development respectively. He is Honorary Fellow of the Institution of Engineers, Singapore, an Accredited Adjudicator, a member of Singapore Institute of Directors and a registered Professional Engineer in Singapore.

Professor Yong's experience and established business networks as a consultant in major construction projects are useful to our Group's plans to expand our business in the region. He is currently also a non-executive chairman and an independent director of BBR Holdings (S) Ltd, an independent director of Boustead Projects Ltd, and a former board member of the Land Transport Authority, Singapore.

## DR JEFFREY WANG *Managing Director*

Dr Jeffrey Wang is our Managing Director and was first appointed to the board of directors on 13 May 2008. He was last re-elected to the board of directors at the Company's annual general meeting held on 26 July 2017. He is in charge of overall operation and business development of our Group. Before the commencement of our Group's business in 2000, he was a senior engineer in an engineering consultancy firm from 1991 to 1996, and a chief engineer in an engineering company listed on the SGX-ST from 1996 to 2000. During his employment in these companies, Dr Wang was in charge of the design and supervision of many infrastructural projects in Singapore. Dr Wang has more than 30 years of experience in geotechnical engineering. He has published many technical papers in geotechnical engineering. Dr Wang is a registered professional engineer in Singapore. He holds a PhD from the Chinese Academy of Sciences (where he was awarded the Minister Award of Chinese Academy of Sciences in recognition of his outstanding performance) and a Doctorate Degree in Philosophy from the National University of Singapore. In September 2007, Dr Wang was awarded the Best Entrepreneur Award for Faculty of Engineering by the National University of Singapore.

## DR CAI JUNGANG *Executive Director*

Dr Cai Jungang is our Executive Director and was first appointed to the board of directors on 9 June 2008. He was last re-elected to the board of directors at the Company's annual general meeting held on 30 July 2018. He is in charge of supervision of our Specialist Engineering Services Division. Before he was employed by our Group in 2003, he was a research scholar and then research fellow in the Nanyang Technological University. Dr Cai has more than 31 years of R&D and engineering experience, published more than 100 technical books and papers in scientific journals and conference proceeding. He is an expert in Singapore geology and underground space development and has been involved in many underground facility projects in Singapore. Dr Cai is a senior member of the Institute of Engineers, Singapore (MIES). He was the former secretary general of Singapore National Group of International Society for Rock Mechanics from 2000 to 2005, and the former Vice President of Society for Rock Mechanics and Engineering Geology (Singapore) from 2013 to 2017. Dr Cai holds a Master of Engineering and Doctor of Philosophy from the Nanyang Technological University of Singapore. He is the spouse of Ms Bi Xiling, one of our Executive Officers.

## MR AW ENG HAI *Independent Director*

Mr Aw Eng Hai is our Independent Director and was first appointed to the board of directors on 4 September 2009. He was last re-elected to the board of directors at the Company's annual general meeting held on 30 July 2018. Mr Aw is a public accountant and a partner of Foo Kon Tan LLP where he is in charge of the various departments providing specialist advisory services. He has more than 17 years of experience providing business advisory services to companies. Prior to joining the commercial sector, Mr Aw was an investigator in the Commercial Affairs Department (CAD) where he was involved in complex commercial fraud investigation. Mr Aw is a practising member of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants (ACCA), a Fellow of Insolvency Practitioners Association of Singapore (IPAS) and a member of INSOL International.

Mr Aw is currently an independent director of Capital World Limited (formerly known as Terratech Group Limited).

## DR LOH CHANG KAAN

*Non-Independent Non-Executive Director*

Dr Loh Chang Kaan is our Non-Independent Non-Executive Director and was first appointed to the board of directors on 23 June 2017. He was last re-elected to the board of directors at the Company's annual general meeting held on 26 July 2017. Previously, Dr Loh was responsible for the overall management and day-to-day operations of Terratech Group Limited (now known as Capital World Limited) and its relevant subsidiaries from the date of his appointment (15 March 2013) to his cessation (4 May 2017). Dr Loh had also served both as an executive director and non-executive director of Tritech Group Limited from 9 June 2008 to 30 July 2014. Prior to joining our Group, Dr Loh was a research engineer with the National University of Singapore from 1994 to 1999. Following that, he was an executive engineer with a specialist ground engineering firm in charge of geotechnical engineering projects. Dr Loh has also conducted seminars and courses on geotechnical instrumentation. He is a registered professional engineer in Singapore. He is also a registered professional engineer in Malaysia, where he is a member of the Institute of Engineers Malaysia. Dr Loh holds a Master of Engineering and Doctor of Philosophy from the National University of Singapore.

# WATER & ENVIRONMENTAL PROTECTION


The Group has expended considerable efforts to grow our water-related and environmental business by forging strategic alliances and partnerships, as well as stepping up our marketing activities in China and the region.

To mitigate business risks, we will continue to look actively for local partners in China to strengthen the Group's position, as well as seek opportunities to diversify into other markets, especially within the Southeast Asia region.

# 1999 - 2019 MILESTONES

1999

**15 Dec 1999**
Registration of Tritech Engineering & Testing (Singapore) Pte Ltd to provide engineering services including instrumentation and site exploration

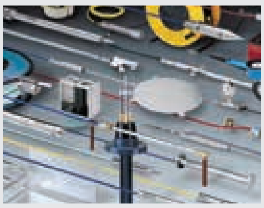
2000

**1 Aug 2000**
Tritech Malaysia registered, to expand the Group's operations in Malaysia

2001

**21 Jan 2001**
Tritech Consultants registered to enable Tritech to become a leading geotechnical consultants in Singapore

2002



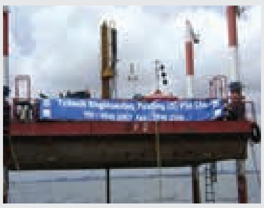
**4 April 2002**
Tritech Geokon registered, a distributor of Geokon Inc in Singapore

**2 Dec 2002**
Tritech Consultants became Tritech Consultants Pte. Ltd., to start providing ground improvement services

2003

November **2002** - July **2003**
SARS Pandemic

2004



**Jan 2004**
Tritech entered into various Oil & Gas contracts, as a leading consultant for underground oil storage

**4 Feb 2004**
Registration of Tritech Water Technologies

2005

**Jan 2005**
Tritech was awarded a contract for providing instrumentation and monitoring services for MRT Circle Line project, the first contract for instrumentation and monitoring works awarded by LTA to a main contractor in Singapore

**4 Jan 2005**
Registration of Beijing Wisetec, to expand the Group's operations into China

**26 Nov 2005**
Acquired 30% of SysEng (S) Pte Ltd to enable our Group to tap into and leverage on the machine-to-machine monitoring technologies, which enabled Tritech to be the leading player in this area

2006

**2 Dec 2006**
Acquired 100% of Presscrete

**Nov 2006**
Tritech Engineering was awarded Enterprise 50, and was ranked 13 out of 50 companies

2007

**Nov 2007**
Tritech Engineering was awarded Enterprise 50, and was ranked 26 out of 50 companies

2008

**Aug 2008**
Tritech successfully completed its IPO

Early 2008 – mid 2009
Global Financial Crisis

**2009**

**22 Jul 2009**
Acquired the remaining 70% of SysEng (S) Pte Ltd

**2010**


**18 Jan 2010**
Registration of Tritech Qingdao

**27 Aug 2010**
Registration of Tritech Water Institute

**2011**

**30 Mar 2011**
Acquired Terratech Resources Pte. Ltd. and CEP Resources Entity Sdn Bhd and entered the limestone quarrying business

**2012**

**April 2012**
Tritech Group Ltd was awarded the Singapore Brands **2012**
（新加坡品牌2012）

**14 Sep 2012**
Announcement of Proposed Spin-Off and Listing of Subsidiaries in the Marble Resource Business

**2014**


**28 Feb 2014**
Tritech Group Limited was awarded the "Asia Pacific Brand Award 2014"

**30 July 2014**
Our Group's subsidiary, Terratech Group Limited, has been successfully listed on SGX Catalist

**2015**

**June 2015**
SINTEF-TRITECH-MULTICONSULT Consortium was awarded the Singapore Design 2015 for the Jurong Rock Cavern Project

**2016**

**15 Jan 2016**
Completion of Water-related and Environmental Business restructuring

**22 Jan 2016**
Acquired 54% of Geosoft Pte Ltd to enable the Group to own and market the geotechnical engineering commercial program product 2D and 3D GeoFEA

**2017**

**4 May 2017**
Completion of disposal and Cessation of subsidiaries in the Marble Resource Business

**29 May 2017**
Completion of Engineering – Related Business Restructuring

**2018**

**6 Sep 2018**
Tritech Engineering was awarded the Annual Safety Award 2018 by LTA for Contract T2209


**2019**

**21 May 2019**
Completion of Sale of Wholly-Owned Subsidiary – Presscrete Engineering Pte Ltd

# FOCUS ON OUR STRENGTHS


The Group continues to execute strategic initiatives to mitigate industry challenges and harness our areas of strength.

We aim to raise the competitiveness of our businesses by continuing to enhance our service offering, and optimise our operations and cost structure.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**PROFESSOR YONG KWET YEW** | Non-Executive Chairman and Independent Director

**DR WANG XIAONING (JEFFREY WANG)** | Managing Director

**DR CAI JUNGANG** | Executive Director

**MR AW ENG HAI** | Independent Director

**DR LOH CHANG KAAN** | Non-Independent Non-Executive Director

## NOMINATING COMMITTEE

**PROFESSOR YONG KWET YEW** | Chairman

**MR AW ENG HAI**

**DR WANG XIAONING (JEFFREY WANG)**

**DR LOH CHANG KAAN**

## AUDIT COMMITTEE

**MR AW ENG HAI** | Chairman

**PROFESSOR YONG KWET YEW**

**DR LOH CHANG KAAN**

## REMUNERATION COMMITTEE

**PROFESSOR YONG KWET YEW** | Chairman

**MR AW ENG HAI**

**DR LOH CHANG KAAN**

## COMPANY SECRETARY

**LEE PIH PENG, MBA, LLB**

## REGISTERED OFFICE

31 Changi South Avenue 2
Tritech Building
Singapore 486478
Tel: (65) 6848 2567
Fax: (65) 6848 2568
Website: **http://www.tritech.com.sg**

## SHARE REGISTRAR

**BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.**
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

## INDEPENDENT AUDITORS

**ERNST & YOUNG LLP**
**PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS**
One Raffles Quay
North Tower #18-01
Singapore 048583

Partner-in-charge: **ANG CHUEN BENG**
(Appointed since the financial year ended 31 March 2015)

## PRINCIPAL BANKERS

**DBS BANK**
12 Marina Boulevard #43-04
DBS Asia Central @ MBFC Tower 3
Singapore 018982

**UNITED OVERSEAS BANK LIMITED**
1 Jalan Wangi
Singapore 349350

## SPONSOR

**PRIMEPARTNERS CORPORATE FINANCE PTE LTD**
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

# CORPORATE GOVERNANCE REPORT

**DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES**

The Board of Directors (the "Board") of Tritech Group Limited (the "Company" and together with its subsidiaries, the "Group") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 March 2019 ("FY2019"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "Code") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). Appropriate explanations have been provided in the relevant sections where there are deviations from the Code and/or the Guide.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance which aims to encourage board renewal, strengthen director independence and enhance board diversity, which will initially take effect for annual reports covering financial years commencing from 1 January 2019 (the "New Code"). The Company has adopted certain changes as proposed under the New Code and will fully implement the New Code for its Annual Report for the financial year beginning 1 April 2019 ("FY2020"). Save as expressly stated or otherwise defined, the guidelines below specifically refer to the Code and the Guide.

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| General | (a) Has the Company complied with all the principles and guidelines of the Code? | The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. |
| | If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. | Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide. |
| | (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code? | Not applicable. The Company did not adopt any alternative corporate governance practices in FY2019. |

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board’s Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>The Board has five (5) members and comprises the following:
<table>
<tr><th colspan="2">Table 1.1 – Composition of the Board</th></tr>
<tr><th>Name of Director</th><th>Designation</th></tr>
<tr><td>Dr Wang Xiaoning</td><td>Managing Director (“MD”)</td></tr>
<tr><td>Dr Cai Jungang</td><td>Executive Director</td></tr>
<tr><td>Professor Yong Kwet Yew</td><td>Non-Executive Chairman and Independent Director</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>Independent Director</td></tr>
<tr><td>Dr Loh Chang Kaan</td><td>Non-Executive Director</td></tr>
</table>
The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board’s principle functions are to:
<ul>
<li>provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;</li>
<li>establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;</li>
<li>review the Management’s performance;</li>
<li>identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;</li>
<li>set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and</li>
<li>consider sustainability issues such as environmental and social factors, as part of its strategic formulation.</li>
</ul></td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") (collectively, the "Board Committees"). The compositions of the Board Committees are as follows:
<table>
<tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Mr Aw Eng Hai</td><td>Professor Yong Kwet Yew</td><td>Professor Yong Kwet Yew</td></tr>
<tr><td>Member</td><td>Professor Yong Kwet Yew</td><td>Mr Aw Eng Hai</td><td>Mr Aw Eng Hai</td></tr>
<tr><td>Member</td><td>Dr Loh Chang Kaan</td><td>Dr Loh Chang Kaan</td><td>Dr Loh Chang Kaan</td></tr>
<tr><td>Member</td><td>–</td><td>Dr Wang Xiaoning</td><td>–</td></tr>
</table>
</td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a quarterly basis, and as and when circumstances require. In FY2019, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below:
<table>
<tr><th colspan="5">Table 1.4 – Board and Board Committees Meeting in FY2019</th></tr>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of Meetings Held</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><th colspan="5">Name of Director</th></tr>
<tr><td>Dr Wang Xiaoning</td><td>4</td><td>4^</td><td>1</td><td>1^</td></tr>
<tr><td>Dr Cai Jungang</td><td>4</td><td>4^</td><td>1^</td><td>1^</td></tr>
<tr><td>Professor Yong Kwet Yew</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Dr Loh Chang Kaan</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
</table>
^ By Invitation.<br><br>The Company's Constitution (the "Constitution") allows for meetings to be held in person, through telephone and/or video-conference.</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| 1.5 | What are the types of material transactions which require approval from the Board? | Matters and transactions that require the Board's approval include, amongst others, the following:<br><br>• corporate or financial restructuring;<br>• corporate strategy and business plans;<br>• material acquisitions and disposals;<br>• share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to shareholders;<br>• approval of annual audited financial statements of the Group and the Directors' Report thereto;<br>• any public reports or press releases reporting the financial results of the Group's operations; and<br>• matters involving a conflict or potential conflict of interest involving a substantial shareholder or a Director. |
| 1.6 | (a) Are new Directors given formal training? If not, please explain why. | Upon the appointment of a new Director, the Company will provide the Director with a formal letter, setting out the Director's duties and obligations. The Board ensures that all incoming Directors will receive comprehensive and tailored induction on joining the Board, including briefing on his duties as a Director and how to discharge those duties, and an orientation program to ensure that they are familiar with the Company's business and organisation structure, strategic direction and governance practices. The Company also provides training for any new first-time Directors (who has no prior experience as a director in a listed company) in areas such as accounting, legal and industry-specific knowledge as appropriate through external courses. All new first-time Directors (who have no prior experience as a director in a listed company) are also required to attend appropriate SGX-SID Listed Company Director (LCD) Programmes offered by the Singapore Institute of Directors ("SID") within 1 year from the date of his/her appointment.<br><br>To get a better understanding of the Company's business, the Director will also be given the opportunity to visit the Company's operational facilities and meet with key management personnel. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | (b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date? | The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors. To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such trainings costs are borne by the Company.<br><br>In addition, briefings and updates for the Directors in FY2019 included:<br><br>• The external auditors ("EA") had briefed the AC on changes or amendments to accounting standards;<br>• The Company Secretary, where appropriate, had briefed the Board on the new requirements under the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), the Companies Act (Chapter 50) of Singapore (the "Companies Act"), and the New Code. |
| **Board Composition and Guidance** | | |
| 2.1<br>2.2<br>3.3 | Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company. | Guideline 2.1 of the Code is met as the Independent Directors make up 2/5 of the Board for the financial year under review. |

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>2.3<br>4.3</td><td>Has the independence of the Independent Directors been reviewed in the last financial year?</td><td>The Board takes into account the existence of relationships or circumstances that are relevant in its determination as to whether a Director is independent, including:<br><br>• not being directly associated with any 5% shareholder of the Company;<br>• lack of relationship with the Company or its related corporations;<br>• lack of relationship with officers of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interest of the Company;<br>• independence based on length of service;<br>• not employed by the Company or any of its related corporations for the current or any of the past three financial years; and<br>• not having an immediate family member who is employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee.<br><br>In addition, the NC reviews the individual Directors' declaration in their assessment of independence and their actual performance on the Board and Board Committees.<br><br>The Company has in place a policy whereby the Directors must:<br><br>• consult both the Chairman of the Board and the NC Chairman prior to accepting new Director appointments; and<br>• immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence.<br><br>This ensures that Directors continually meet the stringent requirements of independence under the Code and the Catalist Rules.<br><br>The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | (a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. | There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent. |
| | (b) What are the board's reasons for considering him independent? | Not applicable. |
| 2.4 | Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent. | Notwithstanding that Professor Yong Kwet Yew and Mr Aw Eng Hai has served beyond nine years since the date of their respective first appointments, the Board is of the view that Professor Yong Kwet Yew and Mr Aw Eng Hai are independent as they have respectively and individually:<br><br>• contributed constructively and objectively throughout his term in the Company;<br>• sought clarification and amplification of matters from time to time as he deemed necessary, including through direct access to key management personnel; and<br>• provided impartial advice and insights, and has exercised his strong independent character and judgement in doing so.<br><br>The following additional rigorous assessments were conducted and deliberated by the Board before the arriving at the conclusion:<br><br>• review of Board and Board Committee meetings minutes to assess questions and voting actions of the respective Independent Directors;<br>• Professor Yong Kwet Yew and Mr Aw Eng Hai's declarations of independence; and<br>• board committee performance assessment done by the other Directors |

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Accordingly, the NC and Board has determined that Professor Yong Kwet Yew and Mr Aw Eng Hai’s tenure in office has not affected their respective independence and ability to bring independent and considered judgment to bear in their respective discharge of duties as the Non-Executive Chairman of the Board, chairman of the NC and RC and member of the AC and the Board, and as the chairman of the AC and a member of the NC and RC and the Board, respectively.</td></tr>
<tr><td>2.5</td><td>What are the steps taken by the Board to progressively renew the Board composition?</td><td>The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.<br><br>To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board dynamics remain optimal.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board’s policy with regard to diversity in identifying director nominees?</td><td>The Board’s policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</td></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:<br><br>
<table>
<tr><th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><th colspan="3">Core Competencies</th></tr>
<tr><td>– Accounting or finance</td><td>1</td><td>20%</td></tr>
<tr><td>– Business management</td><td>4</td><td>80%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>5</td><td>100%</td></tr>
<tr><td>– Strategic planning experience</td><td>5</td><td>100%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>5</td><td>100%</td></tr>
</table>
</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | | The Board comprises business leaders and professionals with financial, business management and relevant industry experience. The Board has reviewed its composition, taking into account the size and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision making, providing the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth. The Independent Director, Mr Aw Eng Hai has extensive experience in accounting and corporate governance. In addition to the Executive Directors and Non-Executive Director, Independent Director Professor Yong Kwet Yew has extensive relevant industry experience, strategic planning experience and customer based knowledge. |
| | (c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness? | The Board has taken the following steps to maintain or enhance its balance and diversity:<br><br>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and<br>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.<br><br>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors. |
| 2.8 | Have the Non-Executive Directors met in the absence of key management personnel in the last financial year? | The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.<br><br>The Non-Executive Directors have met at least once without the presence of management in FY2019. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| **Chairman and Chief Executive Officer** | | |
| 3.1 | Are the duties between Chairman and MD segregated? | The Group's policy is to have a separate Non-Executive Chairman and MD in order to provide an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Professor Yong Kwet Yew is the Non-Executive Chairman and Dr Wang Xiaoning is the MD of the Company.<br><br>There is a clear division of responsibilities between the Non-Executive Chairman and the MD, which ensures there is a balance of power and authority, and that accountability and independent decision-making are not compromised.<br><br>The MD has full executive responsibilities in the business directions and operational efficiency of the Group. He oversees the execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business.<br><br>Both the Non-Executive Chairman and the MD are not related to each other. The Non-Executive Chairman is also an Independent Director who is not part of the Management. The Board is of the view that there are sufficient safeguards and checks that the process of decision making by the Board is independent and based on collective decisions, without any individual or groups of individuals exercising any considerable concentration of power or influence.<br><br>The Non-Executive Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the MD and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision making. |
| 3.4 | Have the Independent Directors met in the absence of other Directors? | The Independent Directors have met at least once without the presence of other directors in FY2019. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| **Board Membership** | | |
| 4.1 | What are the duties of the NC? | The NC is guided by terms of reference, key terms of which are as follows:<br><br>(a) determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;<br>(b) making recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable);<br>(c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director;<br>(d) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board Committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board;<br>(e) based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members;<br>(f) the review of board succession plans for Directors; and<br>(g) the review of training and professional development programs for the Board. |
| 4.4 | (a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? | The Board has not capped the maximum number of listed company board representations each Director may hold. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | (b) If a maximum has not been determined, what are the reasons? | The Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director. The NC will instead focus on whether a Director has sufficient time to adequately discharge his/her duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether each Director has given sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a Director of the Company.<br><br>Although some of the Directors have other board representations, the NC is satisfied that in FY2019, each Director was able to devote adequate time and attention to the affairs of the Company to fulfil his duties as a Director of the Company.<br><br>The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments, not guided by a numerical limit.<br><br>The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. |
| | (c) What are the specific considerations in deciding on the capacity of directors? | The considerations in assessing the capacity of Directors include the following:<br><br>• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;<br>• Geographical location of Directors;<br>• Size and composition of the Board;<br>• Nature and scope of the Group's operations and size; and<br>• Capacity, complexity and expectations of the other listed directorships and principle commitments held. |

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:<br><br>• Declarations by individual Directors of their other listed company board directorships and principal commitments;<br>• Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and<br>• Assessment of the individual Directors' performance based on the criteria set out in Section 5 of this report.</td></tr>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2019.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company currently does not have any alternate directors.<br><br>Alternate Directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>
<table>
<tr><th colspan="3">Table 4.6(a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC identifies the key attributes that an incoming Director should have, based on attributes of the existing Board and the requirements of the Company.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
</table>
</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | | **Table 4.6(a) – Process for the Selection and Appointment of New Directors**<br><br>3. Assessment of shortlisted candidates<br>• The NC would meet and interview the shortlisted candidates to assess their suitability, taking into account various factors including the relevant expertise, experience, qualifications, background, attributes, capabilities, skills and age of the candidates and how these would augment the Board and its existing Directors.<br>• Shortlisted candidates would be required to furnish their curriculum vitae and complete certain forms to enable to NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.<br><br>4. Appointment of director<br>• The NC would recommend the selected candidate to the Board for consideration and approval.<br><br>**Table 4.6(b) – Process for the Re-electing Incumbent Directors**<br><br>1. Assessment of director<br>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board;<br>• The NC would also consider the current needs of the Board;<br>• The NC would assess the Director's competencies, commitment and contributions; and<br>• The NC would also review the range of expertise, performance, skills and attributes of current Board members and consider the current needs of the Board. |

# CORPORATE GOVERNANCE REPORT

<table>
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<tr><td></td><td></td><td>
<table>
<tr><th colspan="3">Table 4.6(b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• Subject to the NC's satisfactory director assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
</td></tr>
<tr><td></td><td></td><td>The Company's Constitution and the Catalist Rules provides that all Directors are subject to re-nomination and re-election at regular interval of at least once every three (3) years. At each annual general meeting of the Company ("AGM"), at least one-third of the Board are to retire and submit themselves for re-election. It also provides that a newly appointed Director must retire and submit himself/herself for re-election at the next AGM following his/her appointment.<br><br>The NC (with any member who is interested in the discussion having abstained from the deliberation(s)) has recommended to the Board that Prof. Yong Kwet Yew and Dr. Loh Chang Kaan be re-elected at the forthcoming AGM. The Board has accepted the NC's recommendation.<br><br>Prof. Yong Kwet Yew will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman and Independent Director of the Company, a member of the Audit Committee and Chairman of the Nominating Committee and Remuneration Committee. The Board considers Prof. Yong Kwet Yew to be independent for the purpose of Rule 704(7) of the Catalist Rules.<br><br>Dr. Loh Chang Kaan will, upon re-election as a Director of the Company, remain as the Non-Executive Director of the Company and a member of the Nominating Committee and Remuneration Committee.<br><br>Save as disclosed above, neither Prof. Yong Kwet Yew nor Dr Loh Chang Kaan, has any material relationships between themselves and the Directors, the Company and its 5% shareholders.<br><br>Pursuant to Rule 720(5) of the Catalist Rules, the additional information set out in Appendix 7F of the Catalist Rules relating to Prof Yong Kwet Yew and Dr Loh Chang Kaan who are seeking re-appointment is disclosed as Appendix A to this Corporate Governance Report and is to be read in conjunction with his respective biography under the respective sections of this annual report.</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 12 to 13 of this Annual Report.</td></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>5.1<br>5.2<br>5.3</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its board committees; and for assessing the contribution by each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board:
<table>
<tr><th colspan="2">Table 5 – Board Performance Criteria</th></tr>
<tr><th>Performance Criteria</th><th>Board and Board committees</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition, access to information and Board processes<br>2. Strategic planning<br>3. Board accountability<br>4. Risk management<br>5. Succession planning</td></tr>
<tr><td>Quantitative</td><td>The Board currently does not evaluate the Board and Board Committees based on quantitative criteria as the Board is of the opinion that it is more important to evaluate the Board and Board Committees on its ability to provide guidance to Management in relation to strategic planning and the development of the business of the Group. However, the Board will keep in view and consider including quantitative criteria in future evaluations where appropriate.</td></tr>
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| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
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| | | The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.<br><br>The NC did not propose any changes to the performance criteria for FY2019 as compared to the previous financial year as the economic climate, Board composition, the Group's principal business activities remained the same since FY2018. |
| | (a) What was the process upon which the Board reached the conclusion on its performance for the financial year? | The review of the performance of the Board and the Board Committees is conducted by the NC annually. Currently, such assessment is focused mainly on the performance and effectiveness of the Board as a whole and on the proper functioning of the various Board Committees and does not include a separate or specific assessment of the performance or contributions of individual Directors. This is because the necessity or efficacy of adopting a formal process for assessing the contribution by the Non-Executive Chairman and each individual Director to the effectiveness of the Board is mitigated by the relatively small size of the Board, although the NC and the Board may review this in the future as the Company and the Board becomes more mature and established in its business and corporate governance practices.<br><br>In FY2019, the review process was as follows:<br><br>1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board and the Board Committees based on criteria disclosed in Table 5 above;<br>2. The results of such assessment was collated and submitted to the NC Chairman who reviewed it together with the NC; and<br>3. The NC discussed the report and where applicable considered any appropriate follow up actions to be undertaken.<br><br>No external facilitator was used in the evaluation process. |

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) Has the Board met its performance objectives?</td><td>In FY2019, in relation to the rigorous assessment that was done by the Directors, the Directors have on a whole assessed the performance of the Board and Board Committees to be good and there were no particular issues or concerns that were highlighted. On this basis, the Board has met its performance objectives.</td></tr>
<tr><td colspan="3"><u>Access to Information</u></td></tr>
<tr><td>6.1<br>10.3</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).<br><br>Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:<br><br>
<table>
<tr><th colspan="3">Table 6 – Types of information provided by key management personnel to Independent Directors</th></tr>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Quarterly</td></tr>
<tr><td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>3.</td><td>Management accounts (with financial analysis)</td><td>Quarterly</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>As and when relevant</td></tr>
<tr><td>5.</td><td>Enterprise risk framework and internal auditors' ("IA") report(s)</td><td>As and when relevant</td></tr>
<tr><td>6.</td><td>Research report(s)</td><td>As and when available</td></tr>
<tr><td>7.</td><td>Shareholding statistics</td><td>Yearly or as and when relevant</td></tr>
<tr><td>8.</td><td>Regulatory updates and implications</td><td>As and when available</td></tr>
<tr><td>9.</td><td>Significant project updates</td><td>As and when available</td></tr>
<tr><td>10.</td><td>External Auditors' reports</td><td>Yearly</td></tr>
</table>
</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings in the soonest to allow sufficient time for the Directors' review.<br><br>Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.<br><br>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.</td></tr>
<tr><td>6.3</td><td>What is the role of the Company Secretary?</td><td>All Directors have separate and independent access to the Company Secretary. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:<br><br>• Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and the Catalist Rules, are complied with;<br>• Assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long term shareholder value;<br>• Assisting the Chairman to ensure good information flows within the Board, Board Committees and key management personnel;<br>• Attending and preparing minutes for all Board meetings; and<br>• Assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | | As and when required by the Board, the Company Secretary would:<br><br>• Facilitate orientation and assist with professional development;<br>• Update key management personnel on any material changes in relation to key compliance requirements under the Catalist Rules, including timely disclosure of material; and<br>• As secretary to all the other Board Committees, assist to ensure coordination and liaison between the Board, the Board Committees and key management personnel.<br><br>Individually or collectively, in order to execute their duties, Directors are able to obtain independent professional advice at the Company's expense as and when required. |
| **REMUNERATION MATTERS** | | |
| **Developing Remuneration Policies**<br>**Level and Mix of Remuneration** | | |
| 7.1 | What is the role of the RC? | The RC is guided by key terms of reference as follows:<br><br>(a) Review and recommend to the Board annually the specific remuneration packages for each Director as well as for the key management personnel;<br>(b) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;<br>(c) reviewing annually the remuneration of employees who are immediate family members of a Director or the MD whose remuneration exceeds S$50,000 during the financial year; and<br>(d) reviewing the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service.<br><br>No member of the RC is involved in deciding his/her own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberation. |

# CORPORATE GOVERNANCE REPORT

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| 7.3 | Were remuneration consultants engaged in the last financial year? | There were no remuneration consultants engaged by the Company in FY2019.<br><br>The Company is of the view that the annual review by the RC, giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices. |
| 8.4 | Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel? | The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. |
| **Disclosure on Remuneration** | | |
| 9 | What is the Company's remuneration policy? | The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards is one that seeks to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management to successfully manage the Company, the performance of the Group, as well as individual Director and key management, aligning their interests with those of shareholders and promote the long term success of the Company. In its deliberations, the RC takes into account the risk policies of the Company, symmetry with risk outcomes and time horizon of risks as well as industry benchmarks and norms in compensation. |

# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.1<br>9.2</td><td>Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Directors in FY2019 is as follows:
<table>
<tr><th>Name</th><th>Remuneration Band</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Benefits (%)*</th><th>Others (%)</th><th>Total (%)</th></tr>
<tr><td>Dr Wang Xiaoning</td><td>From S$250,000 to S$499,999</td><td>90.7</td><td>–</td><td>–</td><td>9.3</td><td>–</td><td>100</td></tr>
<tr><td>Dr Cai Jungang</td><td>Below $250,000</td><td>88.5</td><td>–</td><td>–</td><td>11.5</td><td>–</td><td>100</td></tr>
<tr><td>Professor Yong Kwet Yew</td><td>Below S$250,000</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Mr Aw Eng Hai</td><td>Below S$250,000</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Dr Loh Chang Kaan</td><td>Below S$250,000</td><td>–</td><td>–</td><td>27</td><td>–</td><td>73</td><td>100</td></tr>
</table>
* includes mainly employer's contributions to the Central Provident Fund and Insurance.<br><br>
The director's fees as well as the other remuneration payable to Dr Loh Chang Kaan for FY2019 was made at the recommendation of the Remuneration Committee, inter alia, in recognition of his contribution and efforts in facilitating TGL Engineering Pte Ltd ("TGL Engineering")'s disposal ("Disposal") of Presscrete Engineering Pte. Ltd. ("Presscrete") on 21 May 2019, assisting and overseeing Presscrete in the execution of certain projects, as well as providing additional consultancy services to Tritech Consultants Pte. Ltd., a subsidiary of the Company, during the course of FY2019.<br><br>
In connection with the Disposal, TGL Engineering has on 21 May 2019 entered into a consultancy contract with Dr Loh Chang Kaan pursuant to which TGL Engineering has requested Dr Loh to provide certain consultancy services, including services to be provided to Presscrete following the Disposal, as further elaborated below.</td></tr>
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# CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Under the terms of the Disposal, TGL Engineering was supposed to procure Dr Loh Chang Kaan's agreement to assist Presscrete in undertaking the completion of all the agreed projects of Presscrete on an unremunerated basis, and Dr Loh Chang Kaan has agreed with TGL Engineering to render such services to Presscrete in accordance with the terms and conditions of the consultancy contract.<br><br>The remuneration payable to Dr Loh Chang Kaan pursuant to the said TGL Engineering consultancy contract will take effect in the financial year ending 31 March 2020.<br><br>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.<br><br>There are no termination, retirement, post-employment benefits that may be granted to Directors, the MD and key management personnel.</td></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the MD) in FY2019 is as follows:<br><br><table><tr><th>Name</th><th>Remuneration Band</th><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits-in-kind (%)*</th><th>Total (%)</th></tr><tr><td>Bi Xiling</td><td>Below S$250,000</td><td>91.7</td><td>–</td><td>8.3</td><td>100</td></tr><tr><td>Dr. Hong Sze Han</td><td>Below S$250,000</td><td>90.8</td><td>–</td><td>9.2</td><td>100</td></tr><tr><td>Mui Siew Yun</td><td>Below S$250,000</td><td>91.5</td><td>–</td><td>8.5</td><td>100</td></tr></table><br>* includes mainly employer's contributions to the Central Provident Fund.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The Company only has 3 top key management personnel and the total remuneration paid to them in FY2019 was S$402,639.</td></tr>
</table>

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<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>Bi Xiling, Technical Director of Tritech Consultants Pte Ltd, is the spouse of Dr Cai Jungang, who is the Executive Director of the Company. The remuneration of Bi Xiling was between S$100,000 to S$150,000 in FY2019.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>Information on the Company's employee share option scheme and performance share awards is set out on pages 63-66 of this Annual Report.</td></tr>
<tr><td rowspan="2">9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2019. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</td></tr>
<tr><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:<br><br>
<table>
<tr><th colspan="3">Table 9.6(b)</th></tr>
<tr><th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th><th>Long-term Incentives (such as share scheme)</th></tr>
<tr><td>Qualitative</td><td>1. Leadership<br>2. People development<br>3. Commitment<br>4. Teamwork<br>5. Current market and industry practices<br>6. Macro-economic factors</td><td>1. Commitment<br>2. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Relative financial performance of the Group to its industry peers<br>2. Productivity enhancement</td><td>1. Relative financial performance of the Group to its industry peers over a 5-year period</td></tr>
</table>
</td></tr>
</table>

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|---|---|---|
| | (c) Were all of these performance conditions met? If not, what were the reasons? | Yes, the RC has reviewed and is satisfied that the performance conditions were met in FY2019. |
| **ACCOUNTABILITY AND AUDIT** | | |
| **Risk Management and Internal Controls** | | |
| 11.3 | (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. | The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems and is responsible for determining the Company's risk policies and levels of risk tolerance.<br><br>The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2019.<br><br>The bases for the Board's view are as follows:<br><br>1. Assurance has been received from the MD, Financial Controller ("FC") and IA (refer to Section 11.3(b) below);<br>2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed;<br>3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and<br>4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns.<br><br>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.<br><br>While there were no material weaknesses identified, the Board noted that there are some areas requiring improvement as identified by the internal auditors during the course of their audit performed in FY2019. The Board accepts the internal auditors' recommendations to address such deficiencies and will ensure that these recommendations are implemented. Management will provide updates at the appropriate juncture to the AC with respect to the implementation progress. |

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| | (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above? | Yes, the Board has obtained such assurance from the MD and FC in respect of FY2019.<br><br>The Board has also relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.<br><br>The Board has additionally relied on IA's reports in respect of operational scope issued to the Company since FY2019 as assurances that the Company's risk management and internal control systems are adequate and effective. |
| **Audit Committee** | | |
| 12.1<br>12.4 | What is the role of the AC? | All members of the AC are Non-Executive Directors, majority of whom are independent, and do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.<br><br>The key terms of reference of the AC are, inter alia, as follows:<br><br>• Reviewing the audit plans of the internal and external auditors of the Group and the Company and reviewing the internal auditors' 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;<br>• Reviewing the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors; |

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| | | • Reviewing the adequacy and effectiveness of the Group's and the Company's material internal controls, including financial, operational compliance and information technology controls and risk management systems via reviews carried out by the internal auditor;<br>• Meeting 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;<br>• Reviewing 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;<br>• Reviewing the cost effectiveness and the independence and objectivity of the external auditor;<br>• Reviewing the nature and extent of non-audit services provided by the external auditor;<br>• Recommending to the Board of Directors the external auditor to be nominated, approving the compensation of the external auditor, and reviewing the scope and results of the audit;<br>• Reporting actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and<br>• Reviewing interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual. |
| 12.2 | Are the members of the AC appropriately qualified to discharge their responsibilities? | Following the departure of Mr Lim Yeok Hua as a member of the AC, the Company has been actively searching for an additional director to join the Board who has recent and relevant accounting or related financial management expertise or experience. In the interim, the Board considers Mr Aw Eng Hai, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC and other members of the AC, including Prof Yong Kwet Yew who has extensive experience as a director and a member of the audit committee(ies) in other listed companies, all of whom have sufficient experience to be appropriately qualified to discharge their responsibilities in the AC. |
| 12.5 | Has the AC met with the auditors in the absence of key management personnel? | Yes, the AC has met with the IA and the EA separately without the presence of the management in FY2019. |

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<tr><td>12.6</td><td>Has the AC reviewed the independence of the EA?</td><td>The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.</td></tr>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3">Table 12.6(a) – Fees Paid/Payable to the EA in FY2019</th></tr>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>323,280</td><td>86.3</td></tr>
<tr><td>Non-audit fees – Tax compliance</td><td>51,346</td><td>13.7</td></tr>
<tr><td>Total</td><td>374,626</td><td>100</td></tr>
</table>
</td></tr>
<tr><td></td><td>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</td><td>The non-audit services rendered during FY2019 were not substantial.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The AC has in consultation with the Board, initiated the implementation of fraud and whistle-blowing policy for all employees including employees of the Company's oversea subsidiaries. This policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimisation for fraud and whistle-blowing in good faith.<br><br>To-date, there were no reports received through the whistle blowing mechanism.<br><br>The AC has set up a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters. The policy seeks to encourage reporting in good faith of suspected improprieties (eg. conduct that is dishonest, fraudulent, corrupt, illegal, other serious improper conduct, unsafe work practice or any other conduct which may cause financial or non-financial loss to the Company or damage to the Company's reputation. A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the whistle-blowing policy and may be subject to administrative and/or disciplinary action. Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the whistle-blowing policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness. The details of the whistle-blowing policy are made available to all employees.</td></tr>
</table>

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| | | The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the Company Secretary and/or to members of the AC<br><br>The key details on the Company's whistle-blowing policy are as follows:<br><br>• The AC has authority to investigate any matter including whistle-blowing within its Terms of Reference.<br>• All whistle-blower complaints will be reviewed by the AC to ensure independent and thorough investigation and adequate follow-up.<br>• The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents.<br>• Reports made anonymously will not be considered unless as directed by the AC, having taken into account factors such as the severity of the matters raised/Anonymous disclosures will be accepted and anonymity and confidentiality will be honoured throughout the process.<br>• The contents including "nil" returns in the register is reviewed by the AC at its quarterly meetings. |
| 12.8 | What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements? | The majority of the AC members are kept up to date with changes to accounting standards and issues which have a direct impact on financial statements in view of their professional background. In addition, the Company will take note of useful courses and highlight these to Directors where appropriate to supplement and keep Directors updated on avenues to gain further competency in accounting and industry-specific knowledge. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| **Internal Audit** | | |
| 13.1<br>13.2<br>13.3<br>13.4<br>13.5 | Please provide details of the Company's internal audit function, if any. | The Company's internal audit function is outsourced to RHT Governance & Risk (Singapore) Pte Ltd that reports directly to the AC Chairman and administratively to the MD. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that RHT Governance & Risk (Singapore) Pte Ltd is independent, effective, adequately qualified (given, inter alia, its adherence to standards set by nationally recognised professional bodies) and adequately resourced, and has the appropriate standing in the Company to discharge its duties effectively given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. |
| **SHAREHOLDER RIGHTS AND RESPONSIBILITIES** | | |
| **Shareholder Rights** | | |
| 14.2 | Are shareholders informed of the rules, including voting procedures that govern general meetings of shareholders? | Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders. |
| 14.3 | Are corporations which provide nominee or custodial services allowed to appoint more than two proxies? | The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| **Communication with Shareholders** | | |
| 15.1 | Does the Company have an investor relations policy? | The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises. |
| 15.2<br>15.3<br>15.4 | (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? | The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:<br><br>1) Annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations;<br>2) Quarterly and full year announcements containing a summary of the financial information and affairs of the Group for that period;<br>3) Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("EGM"). The notice of AGM and EGM are also advertised in a national newspaper; and<br>4) Press and news releases on major developments of the Company and the Group. |
| | (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? | The Board endeavours to establish and maintain regular dialogue with shareholders so as to gather views or inputs and address shareholders' concern. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate. |
| | (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report? | Apart from the SGXNet announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.tritech.com.sg. |

# CORPORATE GOVERNANCE REPORT

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| 15.5 | Does the Company have a dividend policy? | The Company does not have a fixed dividend policy at present. The declaration and payment of dividends by the Company from time to time is subject to many factors, including but not limited to, the Company's results of operations, cash flows and financial position, the Company's expansion requirements and working capital requirements, dividend payment by the Company's subsidiaries and the Company's future growth and prospects.<br><br>Nonetheless, key management personnel will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration. |
| | Is the Company paying dividends for the financial year? If not, please explain why. | The Company did not declare dividends to shareholders for FY2019 as the Group reported a net loss of S$27.3 million for FY2019 and continues to operate under challenging conditions for its water-related and environmental business segment. |
| **CONDUCT OF SHAREHOLDER MEETINGS** | | |
| 16.1<br>16.3<br>16.4<br>16.5 | How are the general meetings of shareholders conducted? | The Company's Constitution allows for absentia voting.<br><br>The Company requires all Directors (including the respective Chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.<br><br>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.<br><br>All minutes of general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request within 14 days of such request after the general meeting. |

# CORPORATE GOVERNANCE REPORT

| COMPLIANCE WITH APPLICABLE CATALIST RULES | | |
|---|---|---|
| **Catalist Rule** | **Rule Description** | **Company's Compliance or Explanation** |
| 712, 715 or 716 | Appointment of Auditors | The Company confirms its compliance to the Catalist Rules 712 and 715. |
| 1204(8) | Material Contracts | There were no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year. |
| 1204(10) | Confirmation of adequacy and effectiveness of internal controls | The Board and the AC are of the opinion that the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following:<br><br>• internal controls established by the Company;<br>• works performed by the IA and EA;<br>• assurance from the MD and FC; and<br>• reviews done by the various Board Committees and key management personnel. |
| 711A, 711B | Sustainability Reporting | The Company had published its first sustainability report for FY2018 on 27 March 2019 on the SGXNET and the Company's website.<br><br>Subsequent to the first sustainability report, the Company is working towards the issuance of its FY2019 sustainability report by 31 August 2019, and such report will be made available to shareholders on the SGXNET and the Company's website. |
| 1204(17) | Interested Persons Transaction ("IPT") | The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.<br><br>There were no interested person transactions between the company or its subsidiaries and any of its interested persons in FY2019. |

# CORPORATE GOVERNANCE REPORT

| COMPLIANCE WITH APPLICABLE CATALIST RULES | | |
|---|---|---|
| **Catalist Rule** | **Rule Description** | **Company's Compliance or Explanation** |
| 1204(19) | Dealing in Securities | The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.<br><br>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results. |
| 1204(21) | Non-sponsor fees | No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2019. |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| **Name of Director** | **Loh Chang Kaan** | **Yong Kwet Yew** |
|---|---|---|
| Date of Appointment | 23 June 2017 | 9 June 2008 |
| Date of last re-appointment (if applicable) | 26 July 2017 | 26 July 2017 |
| Age | 49 | 65 |
| Country of Principal Residence | Singapore | Singapore |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive Non-Independent Director | Independent Director |
| Job Title (eg. Lead ID, AC Chairman, AC Member etc.) | Member of the Audit Committee, Nominating Committee and Remuneration Committee. Non-Executive Non-Independent Director of the Board | Chairman of the Remuneration Committee and Nominating Committee, Member of the Audit Committee. Non-Executive Chairman and Independent Director of the Board |
| Professional qualifications | PhD, Master of Engineering, Bachelor of Civil Engineering (1st Class Honours) | BEng (1st Class), PhD, PEng, Hon FIES, SID |
| Working experience and occupation(s) during the past 10 years | Tritech Engineering & Testing (Singapore) Pte. Ltd. – Director (from 17 July 2007 to 30 July 2014)<br>Tritech Geotechnic Pte. Ltd. – Director (from 17 July 2007 to 30 July 2014)<br>Tirtech Instruments Pte. Ltd. – Director (from 17 July 2007 to 30 July 2014)<br>Tritech Consultants Pte. Ltd. – Director (from 17 July 2007 to 30 July 2014)<br>Tritech Water Technologies Pte Ltd – Director (from 17 July 2007 to 30 July 2014)<br>TGL Engineering Group Pte Ltd – Director (from 18 June 2013 to 30 July 2014)<br>Terra Tritech Engineering (M) Sdn. Bhd. – Director (from 20 August 2007 to 30 July 2014)<br>Terratech Resources Pte. Ltd. – Director (from 5 July 2007 to 26 May 2017)<br>CEP Resources Entity Sdn. Bhd. – Director (from 31 October 2007 to 30 June 2017) | National University of Singapore – Professor and Senior Vice President (from 1 October 1979)<br>BBR Holdings (S) Ltd – Independent Director (from 19 August 1997)<br>Tritech Group Limited – Independent Director (from 21 August 2008)<br>Boustead Projects Ltd – Independent Director (from 1 May 2019) |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| Name of Director | Loh Chang Kaan | Yong Kwet Yew |
|---|---|---|
| | Qingdao Terratech Resources Co., Ltd – Director (from 26 June 2013 to 4 May 2017)<br>Tritech International Holdings Pte Ltd – Director (from 2 October 2001 to 12 August 2015)<br>Tritech Group Limited – Executive Director (from 9 June 2008 to 30 July 2014)<br>Presscrete Engineering Pte. Ltd. – Director (from 23 February 2006 to 30 July 2014)<br>Terratech Group Limited (now known as Capital World Limited) – Executive Director and Chief Executive Officer (from 15 March 2013 to 4 May 2017) | |
| Shareholding interest in the listed issuer | Ordinary Shares in the Company – 41,704,114 | Ordinary Shares in the Company – 1,300,000 |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries | None | None |
| Conflict of interest (including any competing business) | None | None |
| Undertaking (in the format set out in Appendix 7H) under rules 720(1) has been submitted to the listed issuer | Yes | Yes |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| Name of Director | Loh Chang Kaan | Yong Kwet Yew |
|---|---|---|
| **Other Principal Commitments* Including Directorships** | | |
| Past (for the last 5 years) | 1. Tritech Engineering & Testing (Singapore) Pte. Ltd. – Director<br>2. Tritech Geotechnic Pte. Ltd. – Director<br>3. Tritech Instruments Pte. Ltd. – Director<br>4. Tritech Consultants Pte. Ltd. – Director (July 2007 – July 2014)<br>5. Tritech Water Technologies Pte. Ltd. – Director<br>6. TGL Engineering Group Pte. Ltd. – Director<br>7. Terra Tritech Engineering (M) Sdn. Bhd. – Director (August 2007 – July 2014)<br>8. Presscrete Engineering Pte. Ltd. – Director (February 2006 – July 2014)<br>9. Terratech Resources Pte. Ltd. – Director<br>10. CEP Resources Enity Sdn. Bhd. – Director<br>11. Qingdao Terratech Resources Co., Ltd. – Director<br>12. Tritech International Holdings – Director<br>13. Terratech Group Limited (now known as Capital World Limited) – Director | 1. National University of Singapore – Professor and Senior Vice President<br>2. BBR Holdings (S) Ltd – Independent Director<br>3. Tritech Group Limited – Independent Director |
| Present | Geosoft Pte Ltd – Director<br>Tritech Consultants Pte Ltd – Director (Reappointed on June 2017)<br>Presscrete Engineering Pte. Ltd. – Director (Reappointed on December 2017)<br>Tritech Group Limited – Non-executive Director<br>Terra Tritech Engineering (M) Sdn Bhd – Director (Reappointed on December 2017) | National University of Singapore – Professor and Senior Vice President<br>BBR Holdings (S) Ltd – Independent Director<br>Tritech Group Limited – Independent Director<br>Boustead Projects Ltd – Independent Director |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| Name of Director | Loh Chang Kaan | Yong Kwet Yew |
|---|---|---|
| **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given** | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| Name of Director | Loh Chang Kaan | Yong Kwet Yew |
|---|---|---|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| Name of Director | Loh Chang Kaan | Yong Kwet Yew |
|---|---|---|
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— | | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |

# CORPORATE GOVERNANCE REPORT – APPENDIX A

| Name of Director | Loh Chang Kaan | Yong Kwet Yew |
|---|---|---|
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |

# DIRECTORS' STATEMENT

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

## OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial 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.

## DIRECTORS

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

Professor Yong Kwet Yew
Dr Wang Xiaoning
Dr Cai Jungang
Dr Loh Chang Kaan
Aw Eng Hai

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

# DIRECTORS' STATEMENT

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

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

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| Name of director | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| ***Tritech Group Limited*** | | | | |
| **Ordinary shares** | | | | |
| Professor Yong Kwet Yew | 1,300,000 | 1,300,000 | – | – |
| Dr Wang Xiaoning | 120,673,628 | 120,673,628 | – | – |
| Dr Cai Jungang(1) | 62,301,805 | 62,301,805 | 100,000 | 100,000 |
| Aw Eng Hai | 1,765,000 | 1,765,000 | – | – |
| Dr Loh Chang Kaan | 41,704,114 | 41,704,114 | – | – |
| **Bonus warrants**(2) | | | | |
| Professor Yong Kwet Yew | 400,000 | – | – | – |
| Dr Wang Xiaoning | 46,886,677 | – | – | – |
| Dr Cai Jungang | 24,113,133 | – | – | – |
| Aw Eng Hai | 382,500 | – | – | – |
| Dr Loh Chang Kaan | 16,075,422 | – | – | – |

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

(1) Pursuant to Section 7 of the Singapore Companies Act, Dr Cai Jungang is deemed to have an interest in the performance share awards and shares of the Company held by his spouse, Ms Bi Xiling, at the beginning and end of the financial year respectively.

(2) The bonus warrant of the Group had effectively expired as at 29 March 2019.

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

**PERFORMANCE SHARE AWARDS**

The Company implemented an employee share award scheme known as the Tritech Group Performance Share Plan ("Share Plan") for the purpose of providing incentives and rewards to eligible employees and directors of the Group. The Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 28 July 2010. The Company's equity instruments granted to the employees and directors are subject to approval in advance by the board of directors of the Company.

# DIRECTORS' STATEMENT

**PERFORMANCE SHARE AWARDS** (CONTINUED)

The Share Plan is administered by the Company's Remuneration Committee comprising Professor Yong Kwet Yew, Dr Loh Chang Kaan and Mr Aw Eng Hai.

The share awards are subject to certain vesting conditions and are convertible into the ordinary shares of the Company when vested.

The Share Plan applies to group employees, group executive directors and group non-executive directors (including independent directors). On 26 November 2014, the Company had conditionally made grants aggregating to 4,950,000 share awards to directors and employees of the Group as follows:

| Date of grant | Share price at grant date<br>$ | Date of conversion<br>$ | Balance as at 1 April 2015<br>$ | Converted<br>$ | Cancelled<br>$ | Balance as at 21 March 2018 |
|---|---|---|---|---|---|---|
| 26.11.2014 | 0.143 | 28.07.2015 | 707,850 | (693,550) | (14,300) | – |

All share awards granted since commencement of Share Plan had been converted or cancelled as at 31 March 2018.

On 28 March 2019, the Company had conditionally made grants aggregating to 40,000,000 share awards to 5 employees of the Group as follows:

| Date of grant | Share price at grant date<br>$ | Balance as at 1 April 2018<br>$ | Share awards granted during the year<br>$ | Converted | Balance as at 31 March 2019 |
|---|---|---|---|---|---|
| 28.03.2019 | 0.029 | – | 40,000,000 | – | **1,160,000** |

During the financial year:

- The Company has granted 40,000,000 share awards to 5 employees of the Group ("Eligible Employees") under the Share Plan. These awards expire on 31 March 2021 and are exercisable if the Eligible Employees remains in the employment of the Group as at 31 March 2021.

# DIRECTORS' STATEMENT

**PERFORMANCE SHARE AWARDS** (CONTINUED)

Details of movements in the share awards granted to the directors and employees of the Group and Company during the financial year are as follows:

| | Number of share awards | | | | |
|---|---|---|---|---|---|
| **Name of participants** | **Balance at 1.4.2018** | **Aggregate share awards granted since commencement of Share Plan to end of financial year** | **Aggregate share awards converted since commencement of Share Plan to end of financial year** | **Aggregate share awards cancelled since commencement of Share Plan to end of financial year** | **Balance at 31.3.2019** |
| *Directors of the Company* | | | | | |
| Professor Yong Kwet Yew | – | 500,000 | (500,000) | – | **-** |
| Dr Wang Xiaoning[(1)] | – | 500,000 | (500,000) | – | **-** |
| Dr Cai Jungang | – | 500,000 | (500,000) | – | **-** |
| Aw Eng Hai | – | 1,000,000 | (1,000,000) | – | **-** |
| Dr Loh Chang Kaan | – | 500,000 | (500,000) | – | **-** |
| *Participants who received 5% or more of the total awards available* | | | | | |
| Lim Yeok Hua | – | 500,000 | (500,000) | – | **-** |
| Mui Siew Yun | – | 600,000 | (600,000) | – | **-** |
| *Employees of the Group* | | | | | |
| Dr. Tan Chien Hsiang | – | 15,000,000 | – | – | **15,000,000** |
| Dr. Fu Chen | – | 10,000,000 | – | – | **10,000,000** |
| Kuan Keng Mun | – | 5,000,000 | – | – | **5,000,000** |
| Poh Ye Kong | – | 5,000,000 | – | – | **5,000,000** |
| Gong Zhao | – | 5,000,000 | – | – | **5,000,000** |
| | – | 44,100,000 | (4,100,000) | – | **40,000,000** |

(1) Participation of Dr Wang Xiaoning in the Share Plan has been approved by shareholders at an Extraordinary General Meeting of the Company held on 22 December 2014.

Since the commencement of the Share Plan till the end of the financial year:

- Other than the controlling shareholder mentioned above, no awards had been granted to the controlling shareholders of the Company and their associates;
- No participant other than the directors and participants mentioned above has received 5% or more of the total awards available under the Share Plan;
- No awards that entitle the holder to participate by virtue of the awards, in any share issue of any other corporation have been granted; and
- No awards had been granted at a discount.

# DIRECTORS' STATEMENT

**EMPLOYEE SHARE OPTION SCHEME**

**Share Option Scheme (the "Scheme")**

The Scheme is administered by the Company's Remuneration Committee, comprising Professor Yong Kwet Yew, Mr Aw Eng Hai and Dr Loh Chang Kaan ("Committee").

There were no options granted by the Company under the Scheme during the financial year. There are no outstanding options under the Scheme as at the end of the financial year.

**SHARE OPTIONS**

During the financial year:

(i) No options have been granted by the Company to any person to take up unissued shares in the Company; and

(ii) No shares have been issued by virtue of any exercise of option to take up unissued shares of the Company.

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

**WARRANTS**

On 31 March 2014, the Company issued 386,574,593 bonus warrants, each carrying the right to subscribe for one new ordinary share in the share capital of the Company at an exercise price of $0.20 for each new ordinary share, on the basis of one bonus warrant for every two existing ordinary shares held by shareholders of the Company. The warrants are exercisable during the period commencing on and including the date falling six months from the date of listing of the warrants on the Catalist and expiring on the date immediately preceding the fifth anniversary of the date of issue of the warrants. The warrants were listed and quoted on the Catalist and commenced trading on 2 April 2014. The warrants had effectively expired as at 29 March 2019.

The movements of warrants during the financial year were as follows:

| Date of issue | Balance at 1.4.2018 | Granted during the financial year | Exercised during the financial year | Expired during the financial year | Balance at 31.3.2019 | Exercise price | Exercisable period |
|---|---|---|---|---|---|---|---|
| 31.3.2014 | 386,574,593 | – | – | 386,574,593 | - | $0.20 | 1.10.2014 to 29.3.2019 |

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following who are all non-executive and independent directors. The members of the AC during the financial year and at the date of this report are:

Aw Eng Hai (Chairman)
Professor Yong Kwet Yew
Dr Loh Chang Kaan

The AC performed the functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Group and the Company and reviews the internal auditors' 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;
- Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviews the adequacy and effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Meets 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;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditor;
- Reviews the nature and extent of non-audit services provided by the external auditor;
- Recommends to the board of directors the external auditor to be nominated, approves the compensation of the external auditor, and reviewing the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The AC convened four meetings during the year with full attendance from all members except for the fourth meeting conducted in May 2019 as one independent director was not able to attend. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

# DIRECTORS' STATEMENT

**AUDITOR**

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

On behalf of the board of directors,

**Dr Wang Xiaoning**
Director

**Dr Cai Jungang**
Director

Singapore
3 July 2019

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Tritech Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) in Singapore ("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 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

**Key Audit Matters** (Continued)

**Accounting for revenue recognition and contract assets for geotechnical and construction projects**

The Group recognised revenue over time for its geotechnical and construction projects in Singapore using the input method that reflects the over-time transfer of control to its customers. This is measured by reference to the Group's progress towards completing the performance obligation in the contract, which is generally based on actual costs incurred to-date to the total budgeted costs for each project. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received for the contract, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the budgeted cost, progress towards completion and the assessment of any variation orders ("VO") claimable from end customers may have a significant impact on the revenue recognition and contract assets amounts, including the provision for onerous contracts. These uncertainties are partly due to the nature of the operations, which may be impacted by the technological complexity of projects, the precision of cost estimation during the budgeting process and the actual progress of each project during the financial year. As such, we determined this to be a key audit matter.

As part of our audit, we:

- assessed management's assumptions in determining the estimations to revenue and cost by reviewing the contract terms and conditions of the geotechnical and construction projects and their contractual sums ("projects"), testing project revenues and costs incurred against underlying documents and assessing management's judgement in recognising variation orders from customers;

- reviewed the Group's project correspondences with customers and subcontractors, and discussed the progress of the projects with project managers to identify any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated total contract costs. We also analysed changes in the estimation of costs and profits from prior periods and inquired management on the reasons;

- assessed management's determination of the satisfaction of performance obligation of the projects and performed re-computation to check the mathematical accuracy; and

- reviewed the budgeted costs by checking the actual costs incurred to-date to supporting documents and assessed the reasonableness of the remaining costs to be incurred to complete the projects. We evaluated management's estimates of the forecasted results of the projects, taking into consideration the effect of variation orders, contingencies and any known technical issues. For a sample of ongoing projects, we evaluated management's assessment of onerous contracts for the projects.

The Group's disclosures relating to contract assets/liabilities are included in Note 4 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

**Key Audit Matters** (Continued)

**Impairment of property, plant and equipment, leasehold properties and investment in subsidiaries**

During the financial year ended 31 March 2019, the Group performed impairment assessment on its property, plant and equipment and leasehold properties amounting to $35,344,234 due to indicators of impairment. Management also performed impairment assessment on the Company's investment in subsidiaries. The total carrying amount of the Company's investment in subsidiaries amounted to $70,297,815, and represented a total of 97% of the Company's total assets.

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the financial statements. In addition, the assessment process involved significant management judgement and was based on assumptions that incorporate future market and economic conditions. During the year, the Group recognized an impairment loss of $7,572,115 for property, plant and equipment relating to a subsidiary that was reclassified as assets held-for-sale (Note 20).

As part of our audit, we discussed with management on the identification of impairment indicators. Where indicators exist, we evaluated management's impairment assessment, including its estimates of the recoverable amounts as determined based on the higher of the assets' fair value less costs of disposal and their value-in-use.

When the recoverable amount was based on value-in-use calculation, we reviewed the process by which they were drawn up and tested the reasonableness of the underlying value-in-use calculations by:

- comparing management's previous forecasts with actual results;
- comparing the key assumptions used such as growth rates to historical results, economic and industry forecasts, and discount rate to that of peer companies used; and
- assessed sensitivity analysis around the key drivers of the growth rates used in the cash flow forecasts, including revenue growth and expected changes in margins, and the likelihood of the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired.

When the recoverable amount was based on fair value less cost to sell, and management used external professional valuer to support the determination of the fair value less cost to sell, we:

- evaluated the objectivity, competence and capabilities of the external valuer engaged;
- reviewed their valuation report, including the appropriateness of the valuation method used, as well as reasonableness of data used by management and external valuer in the valuation process;
- engaged our internal valuation specialist to assist us in validating the appropriateness of the data used by management and external valuer; and
- considered the reasonableness of the fair value determined by management with respect to market participants and current market conditions.

Furthermore, we assessed the adequacy of the disclosures relating to property, plant and equipment, leasehold properties and investments in subsidiaries in Notes 10 and 11 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

**Key Audit Matters** (Continued)

**Adequacy of loss allowance for amounts due from subsidiaries**

As at 31 March 2019, the Company has amount due from subsidiaries amounting to $20,093,221. Management has assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery of the full amount is doubtful. The loss allowance of the amounts due from subsidiaries are determined by making entity-specific assessments of expected impairment loss for long overdue receivables and applies the general approach as detailed in Note 2.15 to provide for loss allowance. The assessment of the expected loss allowance requires significant management judgment. As such, we determined this to be a key audit matter.

As part of our audit, we:

- obtained an understanding of the Company's processes and controls for identifying and monitoring of the amount due from subsidiaries;

- obtained confirmations from subsidiaries;

- assessed the facts and circumstances surrounding the outstanding receivables, and reviewing for evidence of collection by way of receipts from subsidiaries after the year end;

- evaluated the reasonableness of management's estimate of the future repayment by the subsidiaries, by taking into consideration the subsidiaries' financial position, nature of business, economic environment and growth strategies as well as management's assessment of the subsidiaries' business plan; and

- assessed the reasonableness of the loss rates applied by management, taking into consideration the latest available financial results of the subsidiaries and current economic information in markets where the subsidiaries operate.

The Company's disclosures on the receivables in Notes 16 and the related risks such as credit risk and liquidity risk are disclosed in Notes 33(c) and 33(d) to the financial statements.

**Allowance for inventory obsolescence**

As of 31 March 2019, the net carrying amount of the Group's total inventories amounted to $263,482, net of allowance for slow moving inventories of $2,718,868. We focused on this area as the carrying amounts of the gross inventories and allowance for slow moving inventories are material to the Group's financial statements, with the determination of the allowance involving significant management judgment as the sales of these products are subject to uncertain demand from the customers. As such, we have identified allowance for inventory obsolescence to be a key audit matter.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

**Allowance for inventory obsolescence** (Continued)

As part of our audit, we:

- attended and observed management's inventory counts at material inventory locations which included the process of identifying damaged and obsolete inventories;

- evaluated the assessment made by management with respect to slow moving and obsolete inventories, and their analysis of expected demand and net realisable value of the inventories; and

- assessed the reasonableness of the inventories allowance by comparing to the product life cycle, historical trading patterns of the Group's inventories, along with the related margins achieved.

The Group's disclosures relating to inventory are included in Note 15 to the financial statements.

**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 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

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

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRITECH GROUP LIMITED

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Ang Chuen Beng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

3 July 2019

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Note | Group 2019 $ | Group 2018 Restated $ |
|---|---|---|---|
| *Continuing operations* | | | |
| **Revenue** | 4 | **39,725,081** | 47,854,894 |
| Cost of sales | | **(31,110,111)** | (41,404,057) |
| **Gross profit** | | **8,614,970** | 6,450,837 |
| Other income | 5 | **720,330** | 669,951 |
| Distribution costs | | **(776,745)** | (1,043,690) |
| Administrative costs | | **(8,449,211)** | (9,362,684) |
| Other operating costs | | **(4,794,561)** | (12,951,655) |
| Finance costs | 6 | **(3,442,532)** | (3,739,385) |
| Impairment losses on financial assets | 7 | **(609,574)** | (186,208) |
| Share of results of associate | 12 | **(33)** | (309) |
| **Loss before taxation** | 7 | **(8,737,356)** | (20,163,143) |
| Income tax credit | 8 | **233,769** | 530,094 |
| **Loss from continuing operations, net of income tax** | | **(8,503,587)** | (19,633,049) |
| ***Discontinued operation*** | | | |
| Gain on disposal of 52.24% economic interest in a subsidiary | | **–** | 11,134,548 |
| Loss from discontinued operation, net of income tax | | **(18,823,614)** | (3,861,708) |
| **Loss for the year** | | **(27,327,201)** | (12,360,209) |
| **Loss attributable to:** | | | |
| Owners of the Company | | | |
| Loss from continuing operations | | **(8,360,888)** | (19,685,416) |
| (Loss)/Gain from discontinued operation | | **(18,823,614)** | 8,082,865 |
| Loss for the year attributable to owners of the Company | | **(27,184,502)** | (11,602,551) |
| Non-controlling interests | | | |
| Loss from continuing operations | | **(142,699)** | 52,366 |
| Loss from discontinued operation | | **–** | (810,024) |
| Loss for the year attributable to non-controlling interests | | **(142,699)** | (757,658) |
| **Loss for the year** | | **(27,327,201)** | (12,360,209) |
| **Loss per share from continuing operations attributable to owners of the Company (cents)** | | | |
| Basic | 9 | **(0.92)** | (2.18) |
| Diluted | 9 | **(0.92)** | (2.18) |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Group | |
|---|---|---|
| | 2019 | 2018 Restated |
| | $ | $ |
| **Loss for the year** | **(27,327,201)** | (12,360,209) |
| **Other comprehensive income:** | | |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Exchange differences realised on disposal of investment in a subsidiary reclassified to profit or loss | **-** | (357,494) |
| Exchange differences arising from translation of foreign operations | **(233,946)** | 14,428 |
| **Other comprehensive income for the year, net of tax** | **(233,946)** | (343,066) |
| **Total comprehensive income for the year** | **(27,561,147)** | (12,703,275) |
| **Total comprehensive income attributable to:** | | |
| Owners of the Company | **(27,418,448)** | (11,641,421) |
| Non-controlling interests | **(142,699)** | (1,061,854) |
| **Total comprehensive income for the year** | **(27,561,147)** | (12,703,275) |
| **Total comprehensive income attributable to:** | | |
| Owners of the Company from continuing operations, net of tax | **(8,594,834)** | (18,885,870) |
| Owners of the Company from discontinued operation, net of tax | **(18,823,614)** | 7,244,449 |
| **Total comprehensive income for the year attributable to owner of the Company** | **(27,418,448)** | (11,641,421) |

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

# BALANCE SHEETS

AS AT 31 MARCH 2019

| | Note | Group 2019 $ | Group 31.3.2018 Restated $ | Group 1.4.2017 Restated $ | Company 2019 $ | Company 31.3.2018 Restated $ | Company 1.4.2017 Restated $ |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 10 | **35,344,234** | 51,413,098 | 55,668,225 | **1,527,164** | 1,564,276 | 1,601,188 |
| Investments in subsidiaries | 11 | **–** | – | – | **70,297,815** | 70,256,606 | 57,486,396 |
| Investment in associate | 12 | **624,567** | 624,600 | – | **–** | – | – |
| Land use rights | 13 | **2,412,143** | 2,551,643 | 2,536,119 | **–** | – | – |
| Intangible assets | 14 | **1,302,023** | 1,517,453 | 1,682,778 | **–** | – | – |
| | | **39,682,967** | 56,106,794 | 59,887,122 | **71,824,979** | 71,820,882 | 59,087,584 |
| **Current assets** | | | | | | | |
| Inventories | 15 | **263,482** | 1,907,460 | 3,674,816 | **–** | – | – |
| Trade and other receivables | 16 | **12,958,105** | 12,546,145 | 9,936,009 | **27,719,450** | 23,585,483 | 19,891,071 |
| Contract assets | 4 | **32,232,128** | 44,406,733 | 53,275,028 | **–** | – | – |
| Tax recoverable | | **5,602** | 3,159 | 25,743 | **–** | – | – |
| Prepayments | 17 | **1,353,719** | 2,641,326 | 1,852,339 | **151,742** | 155,240 | 37,865 |
| Investment securities | 18 | **930,184** | 1,810,087 | – | **930,184** | 1,810,087 | – |
| Cash and short-term deposits | 19 | **5,616,349** | 8,149,454 | 9,054,258 | **110,742** | 1,935,984 | 2,532,447 |
| | | **53,359,569** | 71,464,364 | 77,818,193 | **28,912,118** | 27,486,794 | 22,461,383 |
| Assets of disposal group classified as held for sale | 20 | **14,825,801** | – | 29,932,555 | **–** | – | 19,424,717 |
| | | **68,185,370** | 71,464,364 | 107,750,748 | **28,912,118** | 27,486,794 | 41,886,100 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 21 | **27,387,611** | 33,645,462 | 36,951,474 | **7,042,156** | 5,523,068 | 5,002,764 |
| Contract liabilities | 4 | **1,655,837** | 4,623,601 | 3,826,396 | **–** | – | – |
| Bank borrowings | 22 | **21,538,895** | 21,949,051 | 19,698,388 | **1,508,949** | 4,144,412 | 4,706,113 |
| Loans from shareholders | 23 | **8,505,273** | 3,930,013 | 4,549,270 | **8,387,500** | 2,320,000 | 3,020,000 |
| Finance lease payables | 24 | **239,805** | 1,559,313 | 3,063,386 | **–** | – | – |
| Derivative component of convertible loans | 25 | **–** | – | 14,000 | **–** | – | 14,000 |
| Liability component of convertible loans | 25 | **3,900,000** | – | 9,033,895 | **3,900,000** | – | 9,033,895 |
| Provision for taxation | | **459,897** | 615,486 | 598,694 | **170,517** | 170,517 | 170,517 |
| | | **63,687,318** | 66,322,926 | 77,735,503 | **21,009,122** | 12,157,997 | 21,947,289 |
| Liabilities directly associated with disposal group classified as held for sale | 20 | **13,980,513** | – | 12,509,464 | **–** | – | – |
| | | **77,667,831** | 66,322,926 | 90,244,967 | **21,009,122** | 12,157,997 | 21,947,289 |
| **Net current (liabilities)/assets** | | **(9,482,461)** | 5,141,438 | 17,505,781 | **7,902,996** | 15,328,797 | 19,938,811 |
| **Non-current liabilities** | | | | | | | |
| Bank borrowings | 22 | **291,337** | 369,742 | 1,315,166 | **291,337** | 310,998 | 1,231,833 |
| Loan from shareholder | 23 | **1,000,000** | – | – | **1,000,000** | – | – |
| Finance lease payables | 24 | **70,184** | 955,498 | 2,236,007 | **–** | – | – |
| Liability component of convertible loans | 25 | **–** | 3,326,014 | – | **–** | 3,326,014 | – |
| Deferred tax liabilities | 26 | **1,949,309** | 2,104,946 | 2,553,961 | **353,339** | 353,339 | 402,985 |
| | | **3,310,830** | 6,756,200 | 6,105,134 | **1,644,676** | 3,990,351 | 1,634,818 |
| **Net assets** | | **26,889,676** | 54,492,032 | 71,287,769 | **78,083,299** | 83,159,328 | 77,391,577 |
| **Equity attributable to owners of the Company** | | | | | | | |
| Share capital | 27 | **77,653,368** | 77,653,368 | 75,637,158 | **77,653,368** | 77,653,368 | 75,637,158 |
| Reserves | 28 | **(50,965,194)** | (23,539,772) | (12,562,351) | **429,931** | 5,505,960 | 1,754,419 |
| | | **26,688,174** | 54,113,596 | 63,074,807 | **78,083,299** | 83,159,328 | 77,391,577 |
| Non-controlling interests | | **201,502** | 378,436 | 331,468 | **–** | – | – |
| Non-controlling interests of disposal group classified as held for sale | 20 | **–** | – | 7,881,494 | **–** | – | – |
| **Total equity** | | **26,889,676** | 54,492,032 | 71,287,769 | **78,083,299** | 83,159,328 | 77,391,577 |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| 2019 Group | Share capital (Note 27) | Equity component of convertible loans (Note 25) | Gains on disposals to non-controlling interests (Note 28) | Asset revaluation reserve | Foreign currency translation reserve (Note 28) | Accumulated losses (Note 28) | Equity attributable to the owners of the Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of the Company | | | | | | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Opening balance at 1 April 2018 (FRS framework) | **77,653,368** | **2,772,300** | **34,951,514** | **8,398,441** | **419,288** | **(70,029,932)** | **54,164,979** | **378,436** | **54,543,415** |
| Cumulative effects of adopting SFRS(I) (Note 2.2) | **–** | **–** | **–** | **(8,398,441)** | **(100,664)** | **8,447,722** | **(51,383)** | **–** | **(51,383)** |
| Opening balance at 1 April 2018 (SFRS(I) framework) | **77,653,368** | **2,772,300** | **34,951,514** | **–** | **318,624** | **(61,582,210)** | **54,113,596** | **378,436** | **54,492,032** |
| **Loss for the year** | **–** | **–** | **–** | **–** | **–** | **(27,184,502)** | **(27,184,502)** | **(142,699)** | **(27,327,201)** |
| Other comprehensive income | | | | | | | | | |
| Exchange differences arising from translation of foreign operations | **–** | **–** | **–** | **–** | **(233,946)** | **–** | **(233,946)** | **–** | **(233,946)** |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **–** | **(233,946)** | **(27,184,502)** | **(27,418,448)** | **(142,699)** | **(27,561,147)** |
| Changes in ownership interests in subsidiary | | | | | | | | | |
| Acquisition of non-controlling interests without a change in control | **–** | **–** | **(6,974)** | **–** | **–** | **–** | **(6,974)** | **(34,235)** | **(41,209)** |
| **Total changes in ownership interests in subsidiary** | **–** | **–** | **(6,974)** | **–** | **–** | **–** | **(6,974)** | **(34,235)** | **(41,209)** |
| Closing balance at 31 March 2019 | **77,653,368** | **2,772,300** | **34,944,540** | **–** | **84,678** | **(88,766,712)** | **26,688,174** | **201,502** | **26,889,676** |

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

# STATEMENTS OF
# CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2018 Group** | **Share capital (Note 27) $** | **Equity component of convertible loans (Note 25) $** | **Gains on disposals to non-controlling interests (Note 28) $** | **Asset revaluation reserve $** | **Foreign currency translation reserve (Note 28) $** | **Accumulated losses (Note 28) $** | **Accumulated losses of disposal group classified as held for sale (Note 20) $** | **Equity attributable to the owners of the Company $** | **Non-controlling interests $** | **Non-controlling interests of disposal group classified as held for sale (Note 20) $** | **Total equity $** |
| Opening balance at 1 April 2017 (FRS framework) | 75,637,158 | 2,108,300 | 34,951,514 | 9,269,316 | 437,224 | (14,494,075) | (44,834,630) | 63,074,807 | 331,468 | 7,881,494 | 71,287,769 |
| Cumulative effects of adopting SFRS(I) (Note 2.2) | – | – | – | (9,269,316) | (437,224) | 9,706,540 | – | – | – | – | – |
| Opening balance at 1 April 2017 (SFRS(I) framework) | 75,637,158 | 2,108,300 | 34,951,514 | – | – | (4,787,535) | (44,834,630) | 63,074,807 | 331,468 | 7,881,494 | 71,287,769 |
| **(Loss)/gain for the year** | – | – | – | – | – | (21,785,914) | 10,183,363 | (11,602,551) | 52,366 | (810,024) | (12,360,209) |
| Other comprehensive income | | | | | | | | | | | |
| Exchange differences realised on disposal of investment in a subsidiary reclassified to profit or loss | – | – | – | – | – | (357,494) | – | (357,494) | – | – | (357,494) |
| Exchange differences arising from translation of foreign operations | – | – | – | – | 318,624 | – | – | 318,624 | (5,398) | (298,798) | 14,428 |
| **Total comprehensive income for the year** | – | – | – | – | 318,624 | (22,143,408) | 10,183,363 | (11,641,421) | 46,968 | (1,108,822) | (12,703,275) |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Issuance of convertible loan | – | 664,000 | – | – | – | – | – | 664,000 | – | – | 664,000 |
| Issuance of ordinary shares upon new shares placement | 2,016,210 | – | – | – | – | – | – | 2,016,210 | – | – | 2,016,210 |
| **Total contributions by and distributions to owners** | 2,016,210 | 664,000 | – | – | – | – | – | 2,680,210 | – | – | 2,680,210 |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | |
| Disposals of 52.24% economic interest in a subsidiary | – | – | – | – | – | (34,651,267) | 34,651,267 | – | – | (6,772,672) | (6,772,672) |
| **Total changes in ownership interests in subsidiary** | – | – | – | – | – | (34,651,267) | 34,651,267 | – | – | (6,772,672) | (6,772,672) |
| Closing balance at 31 March 2018 | 77,653,368 | 2,772,300 | 34,951,514 | – | 318,624 | (61,582,210) | – | 54,113,596 | 378,436 | – | 54,492,032 |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| 2019<br>Company | Share capital<br>(Note 27)<br>$ | Equity component of convertible loans<br>(Note 25)<br>$ | Asset revaluation reserve<br>$ | Accumulated profits/(losses)<br>(Note 28)<br>$ | Total equity<br>$ |
|---|---|---|---|---|---|
| Opening balance at 1 April 2018 (FRS framework) | **77,653,368** | **2,772,300** | **995,514** | **1,780,691** | **83,201,873** |
| Cumulative effects of adopting SFRS(I) (Note 2.2) | **–** | **–** | **(995,514)** | **952,969** | **(42,545)** |
| Opening balance at 1 April 2018 (SFRS(I) framework) | **77,653,368** | **2,772,300** | **–** | **2,733,660** | **83,159,328** |
| **Loss, representing total comprehensive income, for the year** | **–** | **–** | **–** | **(5,076,029)** | **(5,076,029)** |
| Closing balance at 31 March 2019 | **77,653,368** | **2,772,300** | **–** | **(2,342,369)** | **78,083,299** |

| 2018<br>Company | Share capital<br>(Note 27)<br>$ | Equity component of convertible loans<br>(Note 25)<br>$ | Asset revaluation reserve<br>$ | Accumulated (losses)/profit<br>(Note 28)<br>$ | Total equity<br>$ |
|---|---|---|---|---|---|
| Opening balance at 1 April 2017 (FRS framework) | 75,637,158 | 2,108,300 | 952,969 | (1,306,850) | 77,391,577 |
| Cumulative effects of adopting SFRS(I) (Note 2.2) | – | – | (952,969) | 952,969 | – |
| Opening balance at 1 April 2017 (SFRS(I) framework) | 75,637,158 | 2,108,300 | – | (353,881) | 77,391,577 |
| **Profits, representing total comprehensive income, for the year** | – | – | – | 3,087,541 | 3,087,541 |
| Contributions by and distributions to owners | | | | | |
| Issuance of convertible loan | – | 664,000 | – | – | 664,000 |
| Issuance of ordinary shares upon new shares placement | 2,016,210 | – | – | – | 2,016,210 |
| **Total contributions by and distributions to owners** | 2,016,210 | 664,000 | – | – | 2,680,210 |
| Closing balance at 31 March 2018 | 77,653,368 | 2,772,300 | – | 2,733,660 | 83,159,328 |

*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 MARCH 2019

| | Note | 2019<br>$ | 2018<br>Restated<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax from continuing operations | | **(8,737,356)** | (20,163,143) |
| (Loss)/Profit before tax from discontinued operation | | **(18,807,812)** | 7,314,979 |
| Loss before taxation, total | | **(27,545,168)** | (12,848,164) |
| Adjustments for: | | | |
| Amortisation of intangible assets | 14 | **167,886** | 167,866 |
| Amortisation of mining rights | | **–** | 15,367 |
| Amortisation of land use rights | 13 | **56,472** | 57,142 |
| Write down of inventories | 7 | **9,268** | 1,652,325 |
| Unrealised foreign exchange loss | | **53,400** | – |
| Impairment loss on property, plant and equipment | 10 | **7,578,162** | 1,201,765 |
| Impairment loss on trade and other receivables | 16 | **664,923** | 186,208 |
| Depreciation of property, plant and equipment | 10 | **4,291,748** | 4,586,529 |
| Fair value loss on investment securities | 7 | **879,903** | 5,909,699 |
| Net gain on disposal of plant and equipment | | **(56,522)** | (93,255) |
| Gain on disposal of investment in subsidiary | | **–** | (11,134,548) |
| Interest income | | **(13,272)** | (22,318) |
| Interest expense – convertible loan | 6 | **1,053,985** | 1,867,649 |
| Interest expense | | **2,744,388** | 2,043,929 |
| Provision for onerous contracts | | **1,220,234** | 118,067 |
| Write-off of plant and equipment | 7 | **17,515** | 37,286 |
| Reversal of inventories written down | | **(234,689)** | – |
| Share of results of associate | | **33** | 309 |
| **Operating cash flows before working capital changes** | | **(9,111,734)** | (6,254,144) |
| (Increase)/decrease in: | | | |
| Inventories | | **1,568,769** | 21,849 |
| Trade and other receivables | | **(7,093,895)** | (2,448,268) |
| Contract assets | | **9,321,218** | 8,908,544 |
| Prepayments | | **687,586** | (955,163) |
| (Decrease)/increase in: | | | |
| Trade and other payables | | **2,224,548** | (1,899,428) |
| Contract liabilities | | **(2,336,339)** | 803,514 |
| **Cash used in operations** | | **(4,739,847)** | (1,823,096) |
| Income taxes paid | | **(13,781)** | (119,387) |
| Interest received | | **13,272** | 22,318 |
| **Net cash used in operating activities** | | **(4,740,356)** | (1,920,165) |

*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 MARCH 2019

| | Note | 2019 | 2018 Restated |
|---|---|---|---|
| | | $ | $ |
| **Cash flows from investing activities** | | | |
| Loss of control in subsidiaries (net of cash disposed of) | | **-** | (1,397,352) |
| Purchase of plant and equipment | 10 | **(1,979,179)** | (651,879) |
| Proceeds from disposal of investment securities | | **-** | 3,410,020 |
| Proceeds from disposal of plant and equipment | | **275,674** | 157,859 |
| **Net cash (used in)/generated from investing activities** | | **(1,703,505)** | 1,518,648 |
| **Cash flows from financing activities** | | | |
| Decrease in short-term deposits pledged | | **2,208,485** | 1,102,650 |
| Proceeds from bank borrowings | | **22,261,650** | 15,962,850 |
| Proceeds from issuance of convertible loan | | **-** | 3,760,000 |
| Loans from shareholders | | **7,029,518** | 590,743 |
| Repayments of bank borrowings | | **(19,835,118)** | (14,349,618) |
| Repayments of finance lease obligations | | **(1,566,526)** | (2,784,496) |
| Repayments of convertible loan | | **-** | (2,500,000) |
| Repayments of convertible loan interests | | **(240,000)** | (250,000) |
| Repayments of shareholders' loans | | **-** | (1,210,000) |
| Proceeds from issuance of placement shares | | **-** | 2,016,210 |
| Interest paid | | **(2,427,132)** | (2,043,929) |
| **Net cash generated from financing activities** | | **7,430,877** | 294,410 |
| **Net change in cash and cash equivalents** | | **987,016** | (107,107) |
| Cash and cash equivalents at beginning of financial year | | **3,510,721** | 3,944,845 |
| Currency translation differences | | **363,464** | (327,017) |
| **Cash and cash equivalents at end of financial year (Note 19)** | | **4,861,201** | 3,510,721 |

*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 MARCH 2019

## 1. CORPORATE INFORMATION

Tritech Group Limited (the "Company") is a limited liability company, which is incorporated and domiciled in Singapore and is listed on the Catalist board of the SGX-ST.

The registered office and principal place of business of the Company is located at 31 Changi South Avenue 2, Singapore 486478.

The principal activity of the Company is that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "$") except when otherwise indicated.

*Fundamental accounting concept*

At 31 March 2019, the Group's current liabilities exceeded its current assets by $9,482,461 (31.3.2018 & 1.4.2017: $nil). As at 31 March 2019, the Group's total loans and borrowings amounted to $31,335,505 (31.3.2018: $26,248,806; 1.4.2017: $25,562,824), of which $30,044,168 (31.3.2018: $25,879,064; 1.4.2017: $24,247,658) were classified as current liabilities and exceeded its cash and cash equivalents of $5,616,349 (31.3.2018: $8,149,454; 1.4.2017: $9,054,258). These factors and the challenging conditions affecting the construction and engineering industry in Singapore, which could negatively impact the profitability of projects indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the above, the directors are of the view that it is appropriate to prepare these financial statements on a going concern basis after considering the following:

(a) The expected consideration from the Group's disposal of one of its wholly-owned subsidiary, namely Presscrete Engineering Pte Ltd ("Presscrete"), which recorded a loss of $18,823,614 and total bank and borrowings of $3,753,648 as at 31 March 2019. The details of the disposal of Presscrete is disclose in Note 20 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Fundamental accounting concept* (Continued)

(b) The Group has sufficient bank facilities to fund their daily operations. The bank facilities are pledged to the Group's land, leasehold properties, equipment and one subsidiary's share capital. Current bank loan of amount $21,830,232 are pledged to land use rights and leasehold properties with carrying amount of $2,412,143 and $24,060,208 respectively and one subsidiary's share capital of amount $36,147,534. After deducting total banking facilities utilized to date, the Group currently has sufficient unutilized banking facilities.

(c) The directors have reasons to believe that the Group will be able to complete the project as scheduled and achieve the projected margin.

The directors are of the opinion that the above considerations would allow the Group to generate sufficient cash flows from its divestment operations and meet its obligations as and when they fall due.

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

***Exemptions applied on adoption of SFRS(I)***

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 April 2017. As a result, an amount of $437,224 was adjusted against the opening retained earnings as at 1 April 2017.

- SFRS(I) allows the Group to perform a deemed cost exemption for its leasehold property as property, plant and equipment. The deemed cost adjustment is reclassified to opening retained earnings as at 1 April 2017. Profit or loss for the year ended 31 March 2018 was also restated to take in the depreciation of leasehold property and its corresponding deferred tax movement.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")** (Continued)

***New accounting standards effective on 1 January 2018***

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

***SFRS(I) 9 Financial Instruments***

On 1 April 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVTPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For quoted equity securities, the Group continues to measure its currently held-for-trading equity securities quoted equity securities at FVTPL. Hence, there is no significant impact arising from measurement of these instruments under SFRS(I) 9.

The initial application of SFRS(I) 9 does not have any reclassification effect to the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")** (Continued)

*SFRS(I) 9 Financial Instruments* (Continued)

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees, either on a 12-months or lifetime basis. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group applies a simplified approach in calculating expected credit losses (ECLs) on all trade receivables and contract assets. No additional impairment has been recognised by the Group on transition to SFRS(I) 9.

***SFRS(I) 15 Revenue from Contracts with Customers***

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For the comparative year ended 31 March 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the engineering business and water-related and environmental business. The key impact of adopting SFRS(I) 15 is detailed as follows:

(a) Water-related and environmental business

The Group is engaged in sale of membranes for use in waste and water treatment systems, water purifiers and bottled drinking water. Revenue will be recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

(b) Construction contracts

The Group is in the business of geotechnical and construction projects. The Group previously recognised revenue from construction contracts using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser. Under SFRS(I) 15, the Group applies the input method in recognising revenue from construction contracts, which is measured by reference to the proportion of actual construction costs incurred for work performed to date to the estimated total construction costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.2 **First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")** (Continued)

***SFRS(I) 15 Revenue from Contracts with Customers*** (Continued)

*(b) Construction contracts* (Continued)

The Group accounts for its construction contracts with customers as a single performance obligation, given the significant integration and interrelation of various goods and services in the contract. The performance obligations for the construction contracts are satisfied over time where the Group is restricted contractually from directing the constructions for another use as they are being developed and has enforceable right to payment for performance completed to date.

As a result, there is no significant impact to the timing of revenue recognition arising from the new standard. The Group has re-classified its gross amount due from/to customers for work-in-progress to contract assets and contract liabilities, as disclosed below.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 April 2017 to the balance sheets of the Group and the Company.

| | 31 March 2017 | SFRS(I) 1 adjustments | SFRS(I) 15 adjustments | 1 April 2017 |
|---|---|---|---|---|
| **Group** | | | | |
| **Current assets** | | | | |
| Amount due from contract customers | 53,275,028 | – | (53,275,028) | – |
| Contract assets | – | – | 53,275,028 | 53,275,028 |
| | 53,275,028 | – | – | 53,275,028 |
| **Current liabilities** | | | | |
| Amount due to contract customers | 3,826,396 | – | (3,826,396) | – |
| Contract liabilities | – | – | 3,826,396 | 3,826,396 |
| | 3,826,396 | – | – | 3,826,396 |
| **Equity attributable to owners of the Company** | | | | |
| Asset revaluation reserve | 9,269,316 | (9,269,316) | – | – |
| Foreign currency translation reserve | 437,224 | (437,224) | – | – |
| Accumulated losses | (14,494,075) | 9,706,540 | – | (4,787,535) |
| | (4,787,535) | – | – | (4,787,535) |
| **Company** | | | | |
| **Equity attributable to owners of the Company** | | | | |
| Asset revaluation reserve | 952,969 | (952,969) | – | – |
| Accumulated losses | (1,306,850) | 952,969 | – | (353,881) |
| | (353,881) | – | – | (353,881) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 March 2018 and 1 April 2018 to the balance sheets of the Group and the Company.

| | 31 March 2018 | SFRS(I) 1 adjustments | SFRS(I) 15 adjustments | 1 April 2018 |
|---|---|---|---|---|
| **Group** | | | | |
| **Non-current asset** | | | | |
| Property, plant and equipment | 51,461,244 | (48,146) | – | 51,413,098 |
| **Current assets** | | | | |
| Amount due from contract customers | 44,406,733 | – | (44,406,733) | – |
| Contract assets | – | – | 44,406,733 | 44,406,733 |
| | 44,406,733 | – | – | 44,406,733 |
| **Current liabilities** | | | | |
| Amount due to contract customers | 4,623,601 | – | (4,623,601) | – |
| Contract liabilities | – | – | 4,623,601 | 4,623,601 |
| | 4,623,601 | – | – | 4,623,601 |
| **Non-current liability** | | | | |
| Deferred tax liability | 2,101,709 | 3,237 | – | 2,104,946 |
| **Equity attributable to owners of the Company** | | | | |
| Asset revaluation reserve | 8,398,441 | (8,398,441) | – | – |
| Foreign currency translation reserve | 419,288 | (100,664) | – | 318,624 |
| Accumulated losses | (70,029,932) | 8,447,722 | – | (61,582,210) |
| | (61,212,203) | (51,383) | – | (61,263,586) |
| **Company** | | | | |
| **Non-current asset** | | | | |
| Property, plant and equipment | 1,600,640 | (36,364) | – | 1,564,276 |
| **Non-current liability** | | | | |
| Deferred tax liability | 347,158 | 6,181 | – | 353,339 |
| **Equity attributable to owners of the Company** | | | | |
| Asset revaluation reserve | 995,514 | (995,514) | – | – |
| Accumulated profit | 1,780,691 | 952,969 | – | 2,733,660 |
| | 2,776,205 | (42,545) | – | 2,733,660 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the comprehensive income of the Group for the year ended 31 March 2018.

| | 2018 (FRS) $ | SFRS(I) 1 adjustments $ | Reclassification $ | 2018 (SFRS(I)) $ |
|---|---|---|---|---|
| **Group** | | | | |
| *Continuing operations* | | | | |
| Revenue | 64,942,153 | – | (17,087,259) | 47,854,894 |
| Cost of sales | (57,418,814) | – | 16,014,757 | (41,404,057) |
| Gross profit | 7,523,339 | – | (1,072,502) | 6,450,837 |
| Other income | 1,039,242 | – | (369,291) | 669,951 |
| Distribution costs | (1,043,690) | – | – | (1,043,690) |
| Administrative costs | (13,340,871) | – | 3,978,187 | (9,362,684) |
| Other operating costs | (11,145,880) | (1,201,765) | (604,010) | (12,951,655) |
| Finance costs | (3,907,499) | – | 168,114 | (3,739,385) |
| Impairment losses on financial assets | (186,208) | – | – | (186,208) |
| Share of result of associate | (309) | – | – | (309) |
| **Loss before taxation** | (21,061,876) | (1,201,765) | 2,100,498 | (20,163,143) |
| Income tax credit | 229,653 | 300,441 | – | 530,094 |
| Loss from continuing operations | (20,832,223) | (901,324) | 2,100,498 | (19,633,049) |
| *Discontinued operations* | | | | |
| Gain on disposal of 52.24% economic interest in a subsidiary | 11,134,548 | – | – | 11,134,548 |
| Loss from discontinued operation, net of income tax | (1,761,210) | – | (2,100,498) | (3,861,708) |
| **Loss for the year** | (11,458,885) | (901,324) | – | (12,360,209) |
| **Loss attributable to:** | | | | |
| Owners of the Company | | | | |
| Loss from continuing operations | (20,884,590) | 1,199,174 | – | (19,685,416) |
| Gain/(loss) from discontinued operation | 10,183,363 | – | (2,100,498) | 8,082,865 |
| Loss for the year attributable to owners of the Company | (10,701,227) | (901,324) | – | (11,602,551) |
| Non-controlling interests | | | | |
| Loss from continuing operations | 52,366 | – | – | 52,366 |
| Loss from discontinued operation | (810,024) | – | – | (810,024) |
| Loss for the year attributable to non-controlling interests | (757,658) | – | – | (757,658) |
| **Loss for the year** | (11,458,885) | (901,324) | – | (12,360,209) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

| | 2018 (FRS) $ | SFRS(I) 1 adjustments $ | Reclassification $ | 2018 (SFRS(I)) $ |
|---|---|---|---|---|
| **Group** | | | | |
| Loss per share from continuing operations attributable to owners of the Company (cents) | | | | |
| Basic | (2.31) | (0.10) | 0.23 | (2.18) |
| Diluted | (2.31) | (0.10) | 0.23 | (2.18) |
| **Loss for the year** | (11,458,885) | (901,324) | – | (12,360,209) |
| **Other comprehensive income:** | | | | |
| **Items that may be classified subsequently to profit or loss** | | | | |
| Net deficit on revaluation of leasehold properties | (870,875) | 870,875 | – | – |
| Exchange differences realized on disposal of investment in a subsidiary reclassified to profit or loss | (357,494) | – | – | (357,494) |
| Exchange differences arising from translation of foreign operations | 35,362 | (20,934) | – | 14,428 |
| **Other comprehensive income for the year, net of tax** | (1,193,007) | 849,941 | – | (343,066) |
| **Total comprehensive income for the year** | (12,651,892) | (51,383) | – | (12,703,275) |
| **Total comprehensive income attributable to:** | | | | |
| Owner of the Company | (11,590,038) | (51,383) | – | (11,641,421) |
| Non-controlling interests | (1,061,854) | – | – | (1,061,854) |
| **Total comprehensive income for the year** | (12,651,892) | (51,383) | – | (12,703,275) |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company, from continuing operations, net of tax | (20,934,985) | (51,383) | 2,100,498 | (18,885,870) |
| Owners of the Company from discontinued operation, net of tax | 9,344,947 | – | (2,100,498) | 7,244,449 |
| **Total comprehensive income for the year attributable to owner of the Company** | (11,590,038) | (51,383) | – | (11,641,421) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective

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

| Description | Effective for annual periods beginning on or after |
|---|---|
| SFRS(I) 16 *Leases* | 1 January 2019 |
| SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation* | 1 January 2019 |
| Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures* | 1 January 2019 |
| Annual Improvements to SFRS(I)s 2015 – 2017 Cycle | 1 January 2019 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

SFRS(I) 16 *Leases* (Continued)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases as of 1 April 2019, which will result in an increase of total assets and total liabilities, EBITDA and gearing ratio.

### 2.4 Foreign currency

The Group's consolidated 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.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in the equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Foreign currency (Continued)

#### (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.

### 2.5 Subsidiaries

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

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

### 2.6 Basis of consolidation and business combinations

#### (a) Basis of consolidation

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Basis of consolidation and business combinations (Continued)

#### (b) Business combinations and goodwill

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

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

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

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

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Transactions with non-controlling interests

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

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

### 2.8 Property, plant and equipment

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

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

| | | |
|---|---|---|
| Leasehold properties | – | Over lease terms of 37 – 67 years |
| Motor vehicles | – | 5 – 6 years |
| Furniture, fittings and fixtures | – | 5 – 10 years |
| Machinery, instrumentation and tools | – | 4 – 20 years |
| Office equipment | – | 3 – 10 years |
| Renovation | – | 5 – 10 years |

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

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

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

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

### 2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 50 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(a) *Club memberships*

Transferable individual club memberships are initially recognised at cost and are subsequently measured at cost less accumulated impairment losses, if any.

(b) *Research and development costs*

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project of 10 years on a straight line basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Intangible assets (Continued)

(c) *Intangible assets acquired separately*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets acquired separately relate to customer relationships, customer contracts, intellectual property right, software and trademark and are amortised on a straight-line method over their estimated useful lives as follows:

| | | |
|---|---|---|
| Customer relationships | – | 10 years |
| Customer contracts | – | 3 years |
| Intellectual property right | – | 20 years |
| Software | – | 7 years |
| Trademark | – | 7 years |

### 2.11 Impairment of non-financial assets

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

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

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a first-in first-out basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

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

### 2.13 Associate

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

The Group accounts for its investment in an associate using the equity method from the date on which it becomes an associate.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Associate (Continued)

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

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

### 2.14 Financial instruments

#### (a) Financial assets

Initial recognition and measurement

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

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

*Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial instruments (Continued)

#### (a) Financial assets (Continued)

Subsequent measurement (Continued)

*Investments in debt instruments* (Continued)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

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

*Investments in equity instruments*

On initial recognition of an investment in equity instrument, the Group presents subsequent changes in fair value changes in profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

De-recognition

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial instruments (Continued)

#### (b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

### 2.15 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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Impairment of financial assets (Continued)

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.16 Convertible loans

Convertible loans are separated into liability, derivative and equity components based on the terms of the contract.

On issuance of the convertible loans, the fair value of the liability component is determined using a market rate for an equivalent non-convertible loan. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.14.

If the conversion option of convertible loans and/or its interests exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible loans is measured at fair value and presented as a derivative financial instrument.

Any excess of proceeds over the amounts initially recognised as the derivative and liability components is recognised as the equity component of the convertible loans (net of transaction costs) and included in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

Transaction costs are apportioned between the liability, derivative and equity components of the convertible loans based on the allocation of proceeds to the liability, derivative and equity components when the instruments are initially recognised.

The portions of the transaction costs relating to the liability and equity components are recognised initially as part of the liability and equity. The portion relating to the derivative component is recognised immediately in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.18 Provisions

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

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

### 2.19 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.20 Borrowing costs

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) Employee share award plans

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share award reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share award reserve is transferred to retained earnings upon expiry of the share award, and is transferred to share capital if new shares are issued.

### 2.22 Share-based payments to suppliers of services (other than employees)

Suppliers of services received payments from the Group in the form of shares in the share capital of the Company or its subsidiaries as consideration for services rendered. The cost of the equity-settled share-based payment transactions is measured by reference to the fair value of the shares at the grant date and is recognised in profit or loss with a corresponding increase in share capital of the Company or non-controlling interest in the subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(c). Contingent rents are recognised as revenue in the period in which they are earned.

### 2.24 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Revenue

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

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

(a) Construction revenue

The Group is involved in construction projects whereby they are restricted contractually from directing the product for another use as they are being constructed and has an enforceable right to payment for performance completed to date. Revenue is recognised over time using input method, based on the construction costs incurred to date as a proportion of the estimated total construction costs to be incurred.

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.

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

(b) Sale of goods

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

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.25 Revenue** (Continued)

(b) Sale of goods (Continued)

The Group recognises the expected volume discounts payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

(c) Rendering of services

Revenue from installation and monitoring of equipment is recognised over time, based on the actual labour hours spent relative to the total expected labour hours.

(d) Interest income

Interest income is recognised using the effective interest method.

**2.26 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

**2.27 Taxes**

**(a) Current income tax**

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.27 Taxes** (Continued)

**(a) Current income tax** (Continued)

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

**(b) Deferred tax**

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries and associates 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

– In respect of deductible temporary differences associated with investments in subsidiaries and associates, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.27 Taxes** (Continued)

**(b) Deferred tax** (Continued)

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

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

**(c) Sales tax**

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

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

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

**2.28 Contingencies**

A contingent liability is:

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, 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.

### 3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

#### (a) Taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 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.

#### (a) Geotechnical and construction contracts

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

### 3.2 Key sources of estimation uncertainty (Continued)

#### (a) Geotechnical and construction contracts (Continued)

Significant estimates are required to determine the total construction and other related costs and the recoverable variation works that affect the progress of construction contracts. In making these estimates, management has relied on past experience and knowledge of the project engineers.

Contract revenue and contract costs recognised for the financial year ended 31 March 2019 are disclosed in the consolidated income statement. Contract assets and liabilities are disclosed in Note 4 to the financial statements.

#### (b) Allowances for inventories

A review is made at the end of the reporting period on inventory for obsolete and slowing inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. In any case the realisable value represents the best estimate of the recoverable amount and is based on the objective evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories based on the objective evidence available at the end of the reporting. The carrying amount of the inventories is disclosed in Note 15 to the financial statements.

#### (c) Impairment of property, plant and equipment

As disclosed in Note 10 to the financial statements, the recoverable amounts are determined based on the higher of the assets' fair value less costs of disposal and their value-in-use. The Group engaged external professional valuers to support the determination of the fair value less cost to sell. The fair values of property, plant and equipment are determined by independent valuation experts using recognised valuation techniques. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of the property, plant and equipment is disclosed in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

### 3.2 Key sources of estimation uncertainty (Continued)

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

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 33 (c).

The carrying amount of trade receivables and contract assets is disclosed in Note 16 and 4 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 4. REVENUE

### (a) Disaggregation of revenue

| | Construction | | Sale of goods | | Services rendered | | Marble Resources | | Discontinued operations | | Total revenue | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Primary geographical markets** | | | | | | | | | | | | |
| Singapore | **6,382,028** | 17,087,260 | **1,124,107** | 644,599 | **26,942,729** | 34,260,224 | **-** | 776,337 | **(6,382,028)** | (17,087,260) | **28,066,836** | 35,681,160 |
| People's Republic of China | **8,084,054** | 10,567,509 | **2,484,371** | 1,296,861 | **1,089,820** | 1,085,701 | **-** | – | **-** | (776,337) | **11,658,245** | 12,173,734 |
| Malaysia | **-** | – | **-** | 106,543 | **-** | – | **-** | – | **-** | (106,543) | **-** | – |
| | **14,466,082** | 27,654,769 | **3,608,478** | 2,048,003 | **28,032,549** | 35,345,925 | **-** | 776,337 | **(6,382,028)** | (17,970,140) | **39,725,081** | 47,854,894 |
| **Major product or service lines** | | | | | | | | | | | | |
| Construction contracts | **6,382,028** | 17,087,260 | **-** | – | **-** | – | **-** | – | **(6,382,028)** | (17,087,260) | **-** | – |
| Engineering business | **-** | – | **-** | 2,200 | **24,996,771** | 32,778,020 | **-** | – | **-** | – | **24,996,771** | 32,780,220 |
| Water-related and environmental business | **8,084,054** | 10,567,509 | **3,608,478** | 1,939,260 | **3,027,460** | 2,542,547 | **-** | – | **-** | – | **14,719,992** | 15,049,316 |
| Software licensing | **-** | – | **-** | – | **8,318** | 25,358 | **-** | – | **-** | – | **8,318** | 25,358 |
| Marble and mining | **-** | – | **-** | 106,543 | **-** | – | **-** | 776,337 | **-** | (882,880) | **-** | – |
| | **14,466,082** | 27,654,769 | **3,608,478** | 2,048,003 | **28,032,549** | 35,345,925 | **-** | 776,337 | **(6,382,028)** | (17,970,140) | **39,725,081** | 47,854,894 |
| **Timing of transfer of goods or services** | | | | | | | | | | | | |
| At a point in time | **-** | – | **3,608,478** | 2,048,003 | **-** | – | **-** | 776,337 | **-** | (882,880) | **3,608,478** | 1,941,460 |
| Over time | **14,466,082** | 27,654,769 | **-** | – | **28,032,549** | 35,345,925 | **-** | – | **(6,382,028)** | (17,087,260) | **36,116,603** | 45,913,434 |
| | **14,466,082** | 27,654,769 | **3,608,478** | 2,048,003 | **28,032,549** | 35,345,925 | **-** | 776,337 | **(6,382,028)** | (17,970,140) | **39,725,081** | 47,854,894 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. **REVENUE** (CONTINUED)

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

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

| | Group | | |
|---|---|---|---|
| | **31 March 2019** | **31 March 2018** | **1 April 2017** |
| | **$** | **$** | **$** |
| Receivables from contracts with customers (Note 16) | **9,644,643** | 9,182,180 | 6,586,974 |
| Contract assets | **32,232,128** | 44,406,733 | 53,275,028 |
| Contract liabilities | **1,655,837** | 4,623,601 | 3,826,396 |

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $500,886 (2018: $186,208).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for revenue from 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 received from customers for revenue from construction contracts.

Contract liabilities are recognised as revenue as the Group performs under the contract.

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

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| Contract asset reclassified to receivables | **29,322,011** | 49,364,103 |
| Provision for onerous contracts | **29,484** | 118,067 |

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

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | **3,021,385** | 4,803,486 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 4. REVENUE (CONTINUED)

### (c) 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 March 2019 is $77,025,635. 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 all its unsatisfied (or partially satisfied) performance obligations as at 31 March 2019 within 8 years of the reporting date.

## 5. OTHER INCOME

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| | | **Restated** |
| Gain on disposal of plant and equipment | **23,850** | 11,093 |
| Government grants | **128,710** | 437,232 |
| Interest income | **11,775** | 20,837 |
| Foreign exchange gain | **41,550** | – |
| Sundry income | **189,377** | 180,075 |
| Rental income | **47,179** | 3,857 |
| Reversal of inventories written down | **234,689** | – |
| Settlement received from legal claim | **43,200** | 16,857 |
| | **720,330** | 669,951 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 6. FINANCE COSTS

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| | | **Restated** |
| Interests on: | | |
| • Bank overdraft | **103,141** | 146,134 |
| • Convertible loans (Note 25) | **1,053,986** | 1,867,649 |
| • Finance leases | **27,793** | 44,000 |
| • Term loans | **1,671,651** | 1,123,363 |
| • Fixed advance facility loan | **114,878** | 264,842 |
| • Loans from shareholders | **452,052** | 273,602 |
| • Mortgage loan | **19,031** | 19,795 |
| | **3,442,532** | 3,739,385 |

## 7. LOSS BEFORE TAXATION

The following items have been included in arriving at loss before taxation:

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| | | **Restated** |
| *Continuing operations* | | |
| Amortisation of intangible assets | **167,886** | 167,866 |
| Amortisation of land use rights | **56,472** | 57,142 |
| Audit fees | | |
| *Recurring* | | |
| – Auditor of the Company | **147,000** | 143,000 |
| – Other auditors | **144,280** | 167,679 |
| Non-audit fees to auditors of the Company | | |
| – Auditor of the Company | **41,000** | 43,939 |
| – Other auditors | **1,846** | 1,896 |
| Cost of inventories | **8,251,953** | 7,941,069 |
| Depreciation of property, plant and equipment | **2,725,216** | 2,945,844 |
| Employee benefits expense | **21,110,079** | 26,317,619 |
| Fair value loss on investment securities | **879,903** | 5,909,699 |
| Foreign exchange loss, net | **515,448** | 606,402 |
| Impairment loss on plant and equipment | **6,047** | 1,201,765 |
| Impairment losses on trade and other receivables | **609,574** | 186,208 |
| Provision for onerous contracts | **29,484** | 118,067 |
| Loss on disposal of plant and equipment | **25,239** | 586 |
| Operating lease expenses | **703,829** | 1,345,015 |
| Professional fees | **274,460** | 688,373 |
| Subcontractor costs | **5,999,112** | 11,152,812 |
| Upkeep of motor vehicles | **336,739** | 283,456 |
| Write down of inventories | **9,268** | 1,652,325 |
| Write-off of plant and equipment | **17,446** | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 7. LOSS BEFORE TAXATION (CONTINUED)

| | Group 2019 $ | Group 2018 $ Restated |
|---|---|---|
| *Discontinued operation* | | |
| Audit fees to auditors of the Company | | |
| *Recurring* | | |
| – Auditor of the Company | **32,000** | 51,665 |
| Non-audit fees to auditors of the Company | **8,500** | 7,892 |
| Cost of inventories | **4,211,043** | 5,932,639 |
| Depreciation of property, plant and equipment | **1,566,532** | 1,586,329 |
| Employee benefits expense | **5,295,749** | 5,861,911 |
| Impairment loss on plant and equipment | **7,572,115** | – |
| Provision for onerous contracts | **1,190,750** | – |
| Impairment loss on trade receivables | **55,349** | – |
| Operating lease expenses | **1,058,811** | 970,777 |
| Professional fees | **16,444** | 9,654 |
| Subcontractor costs | **990,607** | 2,426,178 |
| Upkeep of motor vehicles | **243,547** | 231,146 |
| Write-off of plant and equipment | **71** | 37,286 |

Employee benefits expense comprise the following:

Employee benefits expense:

| | Group 2019 $ | Group 2018 $ Restated |
|---|---|---|
| *Continued operations* | | |
| • salaries, bonuses and other benefits | **20,002,869** | 24,961,267 |
| • contributions to defined contribution plans | **1,107,210** | 1,356,352 |
| | **21,110,079** | 26,317,619 |
| *Discontinued operations* | | |
| • salaries, bonuses and other benefits | **5,077,304** | 5,616,072 |
| • contributions to defined contribution plans | **218,445** | 245,839 |
| | **5,295,749** | 5,861,911 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 8. INCOME TAX CREDIT

### Major components of income tax credit

The major components of income tax credit for the financial years ended 31 March 2019 and 2018 are:

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $ | $ Restated |
| **Consolidated income statement:** | | |
| Attributable to continuing operations | | |
| Current income tax: | | |
| – Current income taxation | **-** | 100 |
| – (Over)/Under provision in respect of previous years | **(121,937)** | 45,285 |
| | **(121,937)** | 45,385 |
| Deferred income tax: | | |
| – Origination and reversal of temporary differences | **(111,832)** | (575,479) |
| | **(111,832)** | (575,479) |
| Income tax credit attributable to continuing operations | **(233,769)** | (530,094) |
| Income tax expense attributable to discontinued operations (Note 20) | **15,802** | 42,139 |
| Income tax credit recognised in profit or loss | **(217,967)** | (487,955) |

Domestic income tax is calculated at 17% (2018: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions. The taxable profits of the Group's subsidiaries in the People's Republic of China ("PRC") and Malaysia are subject to corporate income tax of 25% (2018: 25%) and 24% (2018: 24%) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. **INCOME TAX CREDIT** (CONTINUED)

**Relationship between income tax credit and accounting loss**

The reconciliation between income tax credit and the product of accounting loss multiplied by the applicable corporate tax rates for the financial years ended 31 March 2019 and 2018 are as follows:

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| | | **Restated** |
| Loss before taxation from continuing operations | **(8,737,356)** | (20,163,143) |
| (Loss)/Profit before taxation from discontinued operation | **(18,807,812)** | 7,314,977 |
| Accounting loss before tax | **(27,545,168)** | (12,848,164) |
| Tax at Singapore statutory tax rate of 17% (2018: 17%) | **(4,682,679)** | (2,184,188) |
| Adjustments: | | |
| Effect of different tax rates of overseas operations | **(236,852)** | (459,650) |
| Non-deductible expenses | **448,958** | 582,693 |
| Income not subject to taxation | **(56,137)** | (530,860) |
| Effect of partial tax exemption | **–** | (25,734) |
| Over provision in respect of prior financial years | **(135,031)** | (45,285) |
| Deferred tax assets not recognised | **4,441,979** | 2,124,125 |
| Tax incentive under government grants | **–** | (54,262) |
| Others | **1,795** | 105,206 |
| Income tax credit recognised in profit or loss | **(217,967)** | (487,955) |

The unutilised tax losses and unabsorbed capital allowances are as follows:

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| Unutilised tax losses | | |
| – Continuing operations | **47,080,176** | 40,004,281 |
| – Discontinued operation | **9,191,993** | 918,624 |
| Unabsorbed capital allowances | | |
| – Continuing operations | **6,757,879** | 7,707,006 |
| – Discontinued operation | **14,924,908** | 4,430,545 |
| | **77,954,956** | 53,060,456 |

As at 31 March 2019, the Group has unutilised tax losses and capital allowances that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Except for China where there is a maximum of five years carry forward, the remaining tax losses have no expiry date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 9. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| | | **Restated** |
| **Continuing operations** | | |
| Loss for the year, attributable to owners of the Company for basic and diluted loss per share | **(8,360,888)** | (19,685,415) |
| Weighted average number of ordinary shares on issue applicable to basic and diluted loss per share | **907,971,182** | 901,105,809 |
| **Discontinuing operation** | | |
| (Loss)/Profit for the year, attributable to owners of the Company for basic and diluted loss per share | **(18,823,614)** | 8,082,864 |
| Weighted average number of ordinary shares on issue applicable to basic and diluted loss per share | **907,971,182** | 901,105,809 |

Diluted loss per share for the financial years ended 31 March 2019 and 31 March 2018 is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive for the years presented.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 10. PROPERTY, PLANT AND EQUIPMENT

| Group 2019 | Leasehold properties $ | Motor vehicles $ | Furniture, fittings and fixtures $ | Machinery, instrumentation and tools $ | Office equipment $ | Renovation $ | Capital work in progress $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 April 2017 | 27,626,912 | 3,855,163 | 610,034 | 44,944,366 | 2,520,526 | 1,201,560 | 2,087,466 | 82,846,027 |
| Additions | – | – | 5,995 | 122,671 | 20,236 | – | 502,977 | 651,879 |
| Disposals | – | (112,738) | – | (1,318,899) | – | – | – | (1,431,637) |
| Write off | – | – | – | (511,766) | – | – | – | (511,766) |
| Reclassification | – | – | – | – | – | 16,406 | (16,406) | - |
| Currency translation differences | 791,412 | 21,378 | – | 232,220 | 23,493 | 10,037 | 60,674 | 1,139,214 |
| At 31 March 2018 and 1 April 2018 | 28,418,324 | 3,763,803 | 616,029 | 43,468,592 | 2,564,255 | 1,228,003 | 2,634,711 | 82,693,717 |
| At 31 March 2018 and 1 April 2018, as previously reported | 26,534,318 | 3,763,803 | 616,029 | 43,468,592 | 2,564,255 | 1,228,003 | 2,634,711 | 80,809,711 |
| Effects of adopting SFRS (I) | 1,884,006 | – | – | – | – | – | – | 1,884,006 |
| At 31 March 2018 and 1 April 2018, as restated | 28,418,324 | 3,763,803 | 616,029 | 43,468,592 | 2,564,255 | 1,228,003 | 2,634,711 | 82,693,717 |
| Additions | – | 207,671 | 5,785 | 1,183,205 | 113,520 | 448,443 | 176,240 | 2,134,864 |
| Disposals | – | (104,600) | – | (605,197) | – | – | – | (709,797) |
| Write off | – | (10,000) | (91,882) | – | (44,923) | (456,517) | – | (603,322) |
| Attributable to discontinued operation (Note 20) | – | (1,751,576) | (150,371) | (21,212,934) | (72,821) | – | – | (23,187,702) |
| Currency translation differences | (873,102) | (24,631) | – | (339,223) | (28,539) | (21,857) | (75,483) | (1,362,835) |
| At 31 March 2019 | 27,545,222 | 2,080,667 | 379,561 | 22,494,443 | 2,531,492 | 1,198,072 | 2,735,468 | 58,964,925 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group 2019 | Leasehold properties $ | Motor vehicles $ | Furniture, fittings and fixtures $ | Machinery, instrumentation and tools $ | Office equipment $ | Renovation $ | Capital work in progress $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment loss** | | | | | | | | |
| At 1 April 2017 | – | 1,996,304 | 404,684 | 22,398,890 | 1,845,342 | 532,582 | – | 27,177,802 |
| Depreciation | 659,083 | 490,328 | 50,782 | 3,130,541 | 182,991 | 18,448 | – | 4,532,173 |
| Disposals | – | (111,999) | – | (1,255,034) | – | – | – | (1,367,033) |
| Write off | – | – | – | (511,766) | – | – | – | (511,766) |
| Impairment loss | 1,201,765 | – | – | – | – | – | – | 1,201,765 |
| Currency translation differences | 71,304 | 14,884 | 37 | 146,230 | 15,223 | – | – | 247,678 |
| At 31 March 2018 and 1 April 2018 | 1,932,152 | 2,389,517 | 455,503 | 23,908,861 | 2,043,556 | 551,030 | – | 31,280,619 |
| At 31 March 2018 and 1 April 2018, as previously reported | – | 2,389,517 | 455,503 | 23,908,861 | 2,043,556 | 551,030 | – | 29,348,467 |
| Effects of adopting SFRS (I) | 1,932,152 | – | – | – | – | – | – | 1,932,152 |
| At 31 March 2018 and 1 April 2018, as restated | 1,932,152 | 2,389,517 | 455,503 | 23,908,861 | 2,043,556 | 551,030 | – | 31,280,619 |
| Depreciation | 621,513 | 421,616 | 43,726 | 2,990,563 | 175,095 | 39,235 | – | 4,291,748 |
| Disposals | – | (104,598) | – | (386,047) | – | – | – | (490,645) |
| Impairment loss* | – | 132,620 | – | 7,418,914 | 26,628 | – | – | 7,578,162 |
| Write off | – | (4,028) | (86,344) | – | (41,802) | (453,633) | – | (585,807) |
| Attributable to discontinued operation (Note 20) | – | (866,573) | (129,120) | (17,006,786) | (108,231) | – | – | (18,110,710) |
| Currency translation differences | (62,020) | (18,239) | (67) | (243,963) | (18,190) | (197) | – | (342,676) |
| At 31 March 2019 | 2,491,645 | 1,950,315 | 283,698 | 16,681,542 | 2,077,056 | 136,435 | – | 23,620,691 |
| **Net carrying amount** | | | | | | | | |
| At 31 March 2019 | 25,053,577 | 130,352 | 95,863 | 5,812,901 | 454,436 | 1,061,637 | 2,735,468 | 35,344,234 |
| At 31 March 2018 | 26,486,172 | 1,374,286 | 160,526 | 19,559,731 | 520,699 | 676,973 | 2,634,711 | 51,413,098 |
| At 1 April 2017 | 27,626,912 | 1,858,859 | 205,350 | 22,545,476 | 675,184 | 668,978 | 2,087,466 | 55,668,225 |

* Mainly relating to impairment loss on property, plant and equipment of discontinued operations as at 31 March 2019 amounting to $7,572,115.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Office equipment $ | Leasehold property $ | Total $ |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2017, 31 March 2018 and 1 April 2018 | 3,015 | 1,600,000 | 1,603,015 |
| Addition | 746 | – | 746 |
| At 31 March 2019 | 3,761 | 1,600,000 | 1,603,761 |
| **Accumulated depreciation** | | | |
| At 1 April 2017 | 1,827 | – | 1,827 |
| Charge for the year | 548 | 36,364 | 36,912 |
| At 31 March 2018 and 1 April 2018, as restated | 2,375 | 36,364 | 38,739 |
| At 31 March 2018 and 1 April 2018, as previously reported | 2,375 | – | 2,375 |
| Effects of adopting SFRS (I) | – | 36,364 | 36,364 |
| At 31 March 2018 and 1 April 2018, as restated | 2,375 | 36,364 | 38,739 |
| Charge for the year | 649 | 37,209 | 37,858 |
| At 31 March 2019 | 3,024 | 73,573 | 76,597 |
| **Net carrying amount** | | | |
| At 31 March 2019 | 737 | 1,526,427 | 1,527,164 |
| At 31 March 2018 | 640 | 1,563,636 | 1,564,276 |
| At 1 April 2017 | 1,188 | 1,600,000 | 1,601,188 |

As at the end of the financial year, the carrying amounts of plant and equipment which were acquired under finance lease arrangements are as follows:

| | Group | | |
|---|---|---|---|
| | **2019** $ | **31.3.2018** $ | **1.4.2017** |
| Office equipment | **–** | 6,140 | 13,534 |
| Motor vehicles | **98,165** | 1,211,572 | 1,664,094 |
| Machinery, instrumentation and tools | **602,196** | 5,421,168 | 9,492,427 |
| | **700,361** | 6,638,880 | 11,170,055 |

Finance leased assets are pledged as a security for the related finance lease payables (Note 24).

As at the end of the financial year, the Group's leasehold properties and the Company's leasehold property with carrying amount of approximately $24,060,208 and $1,526,427 respectively (31.3.2018: $25,408,841 and $1,563,636 respectively; 1.4.2017: $23,789,437 and $1,600,000 respectively) have been pledged to secure certain bank borrowings (Note 22).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the purpose of consolidated cash flow statement, the Group's additions to plant and equipment are financed as follows:

| | Group | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| Additions of plant and equipment | **2,134,864** | 651,879 | 6,381,365 |
| Acquired under finance lease arrangements | **(155,685)** | – | (2,031,563) |
| Cash payments to acquire plant and equipment | **1,979,179** | 651,879 | 4,349,802 |

As at 31 March 2019 and 2018, the Group's and the Company's leasehold properties are as follows:

| **Location** | **Description** | **Tenure** | **Approximate site area (sq. m.)** |
|---|---|---|---|
| 8A Admiralty Street #06-28 Food Xchange, Singapore | Factory building, office and warehouse | 60 years lease from 2000 | 256.00 |
| No. 185 Dalian Road, Huangdao, PRC | An apartment for key management personnel | 41 years lease from 2011 | 137.45 |
| Haibing 2 Road, Huangdao, PRC | 18 apartments for staff dormitory | 67 years lease from 2012 | 1,629.43 |
| No. 288 East Zhuhai Road, Huangdao, PRC | 10 units of office premises | 48 years lease from 2012 | 1,114.44 |
| South Haibing 2 Road, East of West Zhushan Road, Huangdao, PRC | Factory building | 48 years lease from 2013 | 47,689.57 |
| Unit 704, Huikang Building, Zhanxi Road, Yaohai District, PRC(1) | Office premises | 37 years lease from 2014 | 263.21 |
| Unit E-401, Huayi Science Park, Tianda Road, Shushan District, PRC(1) | Industrial space | 41 years lease from 2014 | 752.08 |
| Unit 1413, No 15, Lane 299, Jiangchang West Road, Zhabei District, PRC | Office premises | 45 years lease from 2014 | 52.48 |

(1) These leasehold properties, with net carrying amount of approximately $1,014,100 (31.3.2018: $1,076,287, 1.4.2017: $1,045,860) are being held in trust for the Group by a key management personnel of a subsidiary

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. INVESTMENTS IN SUBSIDIARIES

| | | Company | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| Shares, at cost: | | | |
| Quoted equity shares | **-** | – | 19,424,716 |
| Unquoted equity shares[(1)] | **70,297,815** | 70,256,606 | 58,435,812 |
| | **70,297,815** | 70,256,606 | 77,860,528 |
| Reclassified to assets of disposal group classified as held for sale | **-** | – | (19,424,716) |
| Impairment losses | **-** | – | (949,416) |
| Net carrying amount | **70,297,815** | 70,256,606 | 57,486,396 |

(1) The Group undertook a restructuring exercise on 23 May 2017 to put all the subsidiaries of the Group that are engaged or involved in the engineering business of the Group under a single intermediate holding company, TGL Engineering Group Pte. Ltd.

Movement in impairment losses during the financial year was as follows:

| | | Company | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| At 1 April | **-** | 949,416 | 949,416 |
| Reversal on restructuring | **-** | (461,850) | – |
| Written off | **-** | (487,566) | – |
| At 31 March | **-** | – | 949,416 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

| Name of subsidiary | Country of incorporation/ operation | Principal activities | Proportion of ownership interest | | |
|---|---|---|---|---|---|
| | | | **2019** | **31.3.2018** | **1.4.2017** |
| | | | **%** | **%** | **%** |
| *Held by the Company:* | | | | | |
| Tritech Engineering & Testing (Singapore) Pte Ltd[1] | Singapore | Geological, geotechnical and geophysical investigation, land surveying, instrumentation and analytical study and other related services | **–[7]** | –[7] | 100 |
| Tritech Consultants Pte Ltd[1] | Singapore | Architectural, engineering and professional consultancy services | **–[7]** | –[7] | 100 |
| Tritech Geotechnic Pte Ltd[1] | Singapore | Soil investigation, treatment and stabilisation (including grouting and grunting) | **–[7]** | –[7] | 100 |
| Tritech Instruments Pte Ltd[1] | Singapore | Supply, installation and monitoring of all kinds of engineering instruments | **–[7]** | –[7] | 100 |
| Presscrete Engineering Pte Ltd[1] | Singapore | Civil and structural engineering services | **–[8]** | –[7] | 100 |
| TGL Engineering Group Pte Ltd[1] | Singapore | Investment holding company | **100** | 100 | 100 |
| Terratech Group Limited[1] | Cayman Islands | Quarrying, extraction and production of dimension stones and other marble-related products | **–** | – | 56.6 |
| Tritech Qingdao Environmental Group Co., Ltd[4] | PRC | Production and sale of membranes for use in waste treatment systems and water treatment systems | **100[9]** | 100 | 100 |
| Geosoft Pte Ltd[6] | Singapore | Development and sale of engineering finite element analysis programs in the geotechnical field | **60** | 54 | 54 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation/ operation | Principal activities | Proportion of ownership interest | | |
|---|---|---|---|---|---|
| | | | **2019** | **31.3.2018** | **1.4.2017** |
| | | | **%** | **%** | **%** |
| *Held through Tritech Qingdao Environmental Group Co., Ltd:* | | | | | |
| Tritech (Qingdao) Membrane Technologies Co., Ltd[(4)] | PRC | Production and sale of membranes for use in waste treatment systems and water treatment system | **100** | 100 | 100 |
| Tritech Vavie Health Care Technologies Co., Ltd.[(4)] | PRC | Sale of water purifiers | **100** | 100 | 100 |
| Anhui Clean Environment Biotechnology Co., Ltd[(4)] | PRC | Waste water treatment | **100** | 100 | 100 |
| Beijing Wisetec Technologies Co., Ltd[(4)] | PRC | Business of designing, developing, services and sale of electronic products | **100** | 100 | 100 |
| Tritech Water Technologies Pte Ltd[(1)] | Singapore | Manufacture of bottled and alkaline drinking water, product development and innovation centre | **100** | 100 | 100 |
| Tritech Syseng (S) Pte Ltd[(1)] | Singapore | Design and development of automation and engineering system, manufacturer, and provision of remote water monitoring services | **100** | 100 | 100 |
| *Held through TritechVavie Health Care Technologies Co., Ltd:* | | | | | |
| Tritech Vavie (Beijing) Healthcare Technologies Co., Ltd[(4)] | PRC | Sale of water purifiers | **100** | 100 | 30 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation/ operation | Principal activities | Proportion of ownership interest 2019 % | 31.3.2018 % | 1.4.2017 % |
|---|---|---|---|---|---|
| *Held through TGL Engineering Group Pte Ltd:* | | | | | |
| Tritech Engineering & Testing (Singapore) Pte Ltd(1) | Singapore | Geological, geotechnical and geophysical investigation, land surveying, instrumentation and analytical study and other related services | **100(7)** | 100(7) | – |
| Tritech Consultants Pte Ltd(1) | Singapore | Architectural, engineering and professional consultancy services | **100(7)** | 100(7) | – |
| Tritech Geotechnic Pte Ltd(1) | Singapore | Soil investigation, treatment and stabilisation (including grouting and grunting) | **100(7)** | 100(7) | – |
| Tritech Instruments Pte Ltd(1) | Singapore | Supply, installation and monitoring of all kinds of engineering instruments | **100(7)** | 100(7) | – |
| Presscrete Engineering Pte Ltd(1) | Singapore | Civil and structural engineering services | **100(7)(8)** | 100(7) | – |
| Terra Tritech Engineering (M) Sdn Bhd(3) | Malaysia | Providing civil engineering services | **100(7)** | 100(7) | – |
| *Held through Terratech Group Limited:* | | | | | |
| Terratech Resources Pte Ltd(1) | Singapore | General wholesale trade (including general importers and exporters) | **-** | – | 56.6 |
| *Held through Terratech Resources Pte Ltd:* | | | | | |
| CEP Resources Entity Sdn Bhd(2) | Malaysia | Quarrying, extraction and production of dimension stones and other marble-related products | – | – | 56.6 |
| Qingdao Terratech Resources Co., Ltd(4)(5) | PRC | Wholesale and importer of mineral resources | – | – | 56.6 |
| Shaanxi Hengyu Architectural Interior Engineering Co., Ltd(4)(5) | PRC | Planning, consulting, architectural and engineering design | – | – | 50.3** |

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of EY Global in the respective countries

(3) Audited by SE Lai Associates, Chartered Accountants, Malaysia

(4) Not required to be audited under law in its country of incorporation

(5) The English name of this company represents the best effort made by management of the Company to directly translate its Chinese name as it did not register any official English name

(6) Audited by Teo Boon Tieng & Co, Chartered Accountants, Singapore

(7) The Company underwent an internal re-organisation exercise to transfer all subsidiaries under the engineering division into TGL Engineering Group Pte Ltd (also a 100% subsidiary of the Company).

(8) Pursuant to the Sale & Purchase Agreement ("SPA"), the Group has disposed 100% of its subsidiary, Presscrete Engineering Pte. Ltd. as of 21 May 2019.

(9) 100% of shares amounting to $36,147,534 are pledged as security to term loan XXXI which is disclosed in Note 22.

** Group's effective shareholdings

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

**Significant restrictions**

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

Cash and cash equivalents of $2,807,480 (31.3.2018: $381,724, 1.4.2017: $2,034,582) held in PRC are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends.

**Interest in a subsidiary with material non-controlling interest ("NCI")**

The Group has the following subsidiary that has NCI that is material to the Group.

| Name of subsidiary | Principal place of business | Proportion of ownership interest held by NCI | (Loss)/Profit allocated to NCI during the reporting period | Accumulated NCI at the end of reporting period |
|---|---|---|---|---|
| | | % | $ | $ |
| **31 March 2019:** | | | | |
| Geosoft Pte Ltd | Singapore | 40 | (142,699) | 201,502 |
| **31 March 2018:** | | | | |
| Geosoft Pte Ltd | Singapore | 44 | 46,968 | 378,436 |
| **1 April 2017:** | | | | |
| Geosoft Pte Ltd | Singapore | 44 | 22,596 | 331,468 |

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

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

*Summarised balance sheet*

| | Geosoft Pte. Ltd. | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | $ | $ | $ |
| **Current** | | | |
| Assets | **132,429** | 161,915 | 176,698 |
| Liabilities | **(26,280)** | (33,150) | (151,765) |
| Net current assets | **106,149** | 128,765 | 24,933 |
| **Non-current** | | | |
| Assets | **6,252** | 9,806 | 11,530 |
| Net assets | **112,401** | 138,571 | 36,463 |

# NOTES TO THE
# FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

**Summarised financial information about a subsidiary with material NCI** (Continued)

*Summarised statement of comprehensive income*

| | Geosoft Pte Ltd | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| Revenue | **87,080** | 103,934 | 76,800 |
| (Loss)/Profit before tax | **(26,170)** | 105,637 | 46,719 |
| Tax (expense)/credit | **–** | (3,529) | 2,403 |
| (Loss)/Profit after tax and total comprehensive income | **(26,170)** | 102,108 | 49,122 |
| *Other summarised information* | | | |
| Net cash flows (used in)/generated from operations | **(28,840)** | (12,881) | 52,329 |
| Acquisition of significant plant and equipment | **–** | 1,690 | 1,821 |

**Acquisition of ownership interest in subsidiary, without loss of control**

On 31 July 2018, the Company acquired an additional 6% equity interest in Geosoft Pte Ltd ("Geosoft") from its non-controlling interests for a cash consideration of $41,209. As a result of this acquisition, the equity interest in Geosoft increase from 54% to 60%. The carrying value of the net assets of Geosoft at 31 July 2018 was $570,580 and the carrying value of the additional interest acquired was $34,235. The difference of $6,974 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in Geosoft on the equity attributable to owners of the Company:

| | $ |
|---|---|
| Consideration paid for acquisition of non-controlling interests | 41,209 |
| Decrease in equity attributable to non-controlling interests | (34,235) |
| Decrease in equity attributable to owners of the Company | 6,974 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 12. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised as below:

| | Group | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| Associate | **624,567** | 624,600 | – |

| Name of associate | Country of incorporation/ operation | Principal activities | Proportion of ownership interest | | |
|---|---|---|---|---|---|
| | | | 2019 | 31.3.2018 | 1.4.2017 |
| | | | % | % | % |
| *Held through TritechVavie Health Care Technologies Co., Ltd:* | | | | | |
| Tritech Vavie (Shanghai) Healthcare Technologies Co. Ltd[(1)] | PRC | Sale of water purifiers | **30** | 30 | – |

(1) Not required to be audited under law in its country of incorporation

The summarised financial information in respect of TritechVavie (Shanghai) Healthcare Technologies Co. Ltd and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

**Summarised balance sheet**

| | TritechVavie (Shanghai) Healthcare Technologies Co., Ltd | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| Current assets | **2,018,313** | 2,065,634 | – |
| Current liabilities | **(441)** | (22,055) | – |
| Net assets | **2,017,872** | 2,043,579 | – |
| Proportion of the Group's ownership | **30%** | 30% | – |
| Group's share of net assets | **605,362** | 613,074 | – |
| Other adjustments | **19,205** | 11,526 | – |
| Carrying amount of the investment | **624,567** | 624,600 | – |

**Summarised statement of comprehensive income**

| | | | |
|---|---|---|---|
| Revenue | **–** | – | – |
| Loss before tax | **(111)** | (1,030) | – |
| Loss after tax | **(111)** | (1,030) | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 13. LAND USE RIGHTS

| | Group | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| **Cost** | | | |
| At 1 April | **2,912,946** | 2,830,597 | 2,917,134 |
| Currency translation differences | **(94,911)** | 82,349 | (86,537) |
| At 31 March | **2,818,035** | 2,912,946 | 2,830,597 |
| **Accumulated amortisation** | | | |
| At 1 April | **361,303** | 294,478 | 245,138 |
| Amortisation | **56,472** | 57,142 | 57,394 |
| Currency translation differences | **(11,883)** | 9,683 | (8,054) |
| At 31 March | **405,892** | 361,303 | 294,478 |
| **Net carrying amount** | | | |
| At 31 March | **2,412,143** | 2,551,643 | 2,536,119 |

The Group has land use rights over approximately 18.12 acres of land in the PRC where the Group's factory for manufacturing and production of membranes for use in waste water treatment systems and water treatment system was built on. The land use rights is transferable and has a remaining tenure of 42 years (31.3.2018: 43 years; 1.4.2017: 44 years) and is pledged as security for certain bank borrowings (Note 22).

## 14. INTANGIBLE ASSETS

| Group | Goodwill | Transferable club memberships | Intellectual property right | Customer contracts | Development expenditures | Customer relationships | Software | Trademark | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Cost** | | | | | | | | | |
| At 1 April 2017 | 698,139 | 76,500 | 198,700 | 435,725 | 566,328 | 768,873 | 823,000 | 2,733 | 3,569,998 |
| Currency translation differences | – | – | – | 12,676 | – | – | – | 2,566 | 15,242 |
| At 31 March 2018 and 1 April 2018 | 698,139 | 76,500 | 198,700 | 448,401 | 566,328 | 768,873 | 823,000 | 5,299 | 3,585,240 |
| Attributable to assets of disposal group classified as held for sale (Note 20) | – | (45,000) | – | – | – | – | – | – | (45,000) |
| Currency translation differences | – | – | – | (14,610) | – | – | – | (2,576) | (17,186) |
| At 31 March 2019 | 698,139 | 31,500 | 198,700 | 433,791 | 566,328 | 768,873 | 823,000 | 2,723 | 3,523,054 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 14. INTANGIBLE ASSETS (CONTINUED)

| Group | Goodwill | Transferable club memberships | Intellectual property right | Customer contracts | Development expenditures | Customer relationships | Software | Trademark | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Accumulated amortisation and impairment loss** | | | | | | | | | |
| At 1 April 2017 | 243,901 | – | 74,981 | 435,725 | 245,482 | 768,873 | 117,571 | 687 | 1,887,220 |
| Amortisation | – | – | 9,935 | – | 40,106 | – | 117,571 | 254 | 167,866 |
| Currency translation differences | – | – | – | 12,676 | – | – | – | 25 | 12,701 |
| At 31 March 2018 and 1 April 2018 | 243,901 | – | 84,916 | 448,401 | 285,588 | 768,873 | 235,142 | 966 | 2,067,787 |
| Amortisation | – | – | 9,935 | – | 40,106 | – | 117,571 | 274 | 167,886 |
| Currency translation differences | – | – | – | (14,610) | – | – | – | (32) | (14,642) |
| At 31 March 2019 | 243,901 | – | 94,851 | 433,791 | 325,694 | 768,873 | 352,713 | 1,208 | 2,221,031 |
| **Net carrying amount** | | | | | | | | | |
| At 31 March 2019 | 454,238 | 31,500 | 103,849 | – | 240,634 | – | 470,287 | 1,515 | 1,302,023 |
| At 31 March 2018 | 454,238 | 76,500 | 113,784 | – | 280,740 | – | 587,858 | 4,333 | 1,517,453 |
| At 1 April 2017 | 454,238 | 76,500 | 123,719 | – | 320,846 | – | 705,429 | 2,046 | 1,682,778 |

As at the end of the reporting period, the transferable club membership rights are held in trust by a director of the Company.

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGUs") for the purpose of impairment testing. The CGUs are represented by the Group's investments in subsidiaries. The carrying amount of goodwill allocated to each CGU is as follows:

| CGU | Goodwill | | Assumption: Long-term growth rate | | Assumption: Pre-tax discount rate per annum | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** | **2019** | **2018** |
| | $ | $ | % | % | % | % |
| Geosoft[(1)] | **454,238** | 454,238 | **2.08** | 2.08 | **16.25** | 16.25 |

(1) Operates within the Other business segment

The recoverable amounts of the CGUs have been determined based on value-in-use calculations, using cash flow projections from financial budgets approved by management covering a five-year period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 14. INTANGIBLE ASSETS (CONTINUED)

**Impairment testing of goodwill** (Continued)

Key assumptions used in the value in use calculations

The calculations of value-in-use for the above CGUs are most sensitive to the following assumptions:

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for the above CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the recoverable amounts of the CGUs to be materially lower than their carrying values.

## 15. INVENTORIES

| | | Group | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| **Balance sheet:** | | | |
| Construction materials | **–** | 391,337 | 867,048 |
| Raw materials | **220,660** | 1,151,818 | 539,216 |
| Work-in-progress | **42,822** | 58,030 | 124,506 |
| Finished goods | **–** | 306,275 | 2,144,046 |
| | **263,482** | 1,907,460 | 3,674,816 |
| **Income statement:** | | | |
| Inventories recognised as an expense in cost of sales | **12,462,996** | 13,873,708 | 12,797,737 |
| Inclusive of the following charge/(credit) | | | |
| – Inventories write-down | **9,268** | 1,652,325 | 1,388,596 |
| – Reversal of inventories written down | **(234,689)** | – | – |
| – Currency translation differences | **(98,684)** | 71,155 | (18,911) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 15. INVENTORIES (CONTINUED)

The Group's inventories that are written down at the end of the reporting period and the movement of the written down account used to record the written down is as follows:

| | Group | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| At 1 April | **3,040,921** | 1,388,596 | – |
| Written down during the year | **9,268** | 1,652,325 | 1,388,596 |
| Reversal of inventories written down(1) | **(234,689)** | – | – |
| Foreign exchange differences | **(96,632)** | – | – |
| At 31 March | **2,718,868** | 3,040,921 | 1,388,596 |

(1) Relates to inventories previously provided for as slow-moving stocks and have been sold during the year.

## 16. TRADE AND OTHER RECEIVABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ | $ | $ | $ |
| **Trade receivables** | | | | | | |
| Trade receivables from third parties | **11,496,423** | 10,624,288 | 7,848,571 | **–** | – | – |
| Amounts due from subsidiaries | **–** | – | – | **7,557,979** | 8,375,066 | 7,906,957 |
| Amount due from associate | **27,887** | – | – | **–** | – | – |
| | **11,524,310** | 10,624,288 | 7,848,571 | **7,557,979** | 8,375,066 | 7,906,957 |
| Less: Expected credit losses/Allowance for doubtful debts | **(1,879,667)** | (1,442,108) | (1,261,597) | **–** | – | – |
| | **9,644,643** | 9,182,180 | 6,586,974 | **7,557,979** | 8,375,066 | 7,906,957 |
| Value-Added Tax ("VAT")/GST refundable | **13,399** | 3,704 | 6,306 | **–** | 2,906 | – |
| Other receivables from third parties | **2,442,791** | 2,767,597 | 2,474,410 | **–** | – | – |
| Amounts due from subsidiaries (non-trade) | **–** | – | – | **22,073,220** | 14,987,165 | 11,758,768 |
| Impairment loss | **–** | – | – | **(1,979,999)** | – | – |
| | **–** | – | – | **20,093,221** | 14,987,165 | 11,758,768 |
| Interest receivable | **–** | 1,876 | 1,876 | **–** | 1,876 | 1,876 |
| Advances to employees | **581,492** | 19,038 | 288,435 | **–** | – | – |
| Deposits | **275,780** | 571,750 | 578,008 | **1,000** | 218,470 | 223,470 |
| Prepaid expenses | **–** | – | – | **67,250** | – | – |
| Total trade and other receivables | **12,958,105** | 12,546,145 | 9,936,009 | **27,719,450** | 23,585,483 | 19,891,071 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Trade receivables

Trade receivables are non-interest bearing and generally on 30 to 90 (31.3.2018 and 1.4.2017: 30 to 90) days' credit terms.

### Amounts due from subsidiaries

The amounts due from the subsidiaries mainly comprise management fee income, expenses recharged and loans. The trade and non-trade amounts due from the subsidiaries are unsecured, non-interest bearing and repayable on demand.

Trade and other receivables denominated in foreign currencies other than the functional currency of the entity as at 31 March are as follows:

| | Group | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| United States dollar | **193,607** | 2,448 | 165,012 |

### Receivables that are past due but not impaired

The Group has trade receivables amounting to $4,828,159 as at 31 March 2018 and $2,922,797 as at 1 April 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

| | Group | |
|---|---|---|
| | **31.3.2018** | **1.4.2017** |
| | **$** | **$** |
| Trade receivables past due but not impaired: | | |
| Lesser than 30 days | 958,529 | 166,016 |
| 31 to 60 days | 140,137 | 187,885 |
| 61 to 90 days | 519,684 | 46,436 |
| More than 90 days | 3,209,809 | 2,522,460 |
| | 4,828,159 | 2,922,797 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

**Receivables that are impaired**

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

| | Group | |
|---|---|---|
| | Individually impaired | |
| | **31.3.2018** | **1.4.2017** |
| | **$** | **$** |
| Trade receivables – nominal amounts | 1,442,108 | 1,261,597 |
| *Less:* Allowance for impairment | (1,442,108) | (1,261,597) |
| | – | – |
| Movement in allowance accounts: | | |
| At 1 April | 1,261,597 | |
| Charge for the year | 186,208 | |
| Exchange differences | (5,697) | |
| At 31 March | 1,442,108 | |

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

**Expected credit losses**

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

| | Group | |
|---|---|---|
| | **Trade receivables 2019** | **Contract assets 2019** |
| | **$** | **$** |
| Movement in allowance accounts: | | |
| At 1 April | **1,442,108** | 118,067 |
| Charge for the year | **547,623** | 1,220,234 |
| Reversal of allowance | **(8,153)** | – |
| Reclassified to assets of disposal group classified as held for sale | **(55,349)** | (1,190,750) |
| Exchange differences | **(46,562)** | – |
| At 31 March | **1,879,667** | 147,551 |

## 17. PREPAYMENTS

Prepayments under current assets included advance payments to suppliers amounting to $1,755,664 and $1,031,027 respectively as at 31 March 2018 and 1 April 2017. There is no advance payment to suppliers included in prepayment as at 31 March 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 18. INVESTMENT SECURITIES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **Current:** | | | | | | |
| *At fair value through profit or loss* | | | | | | |
| – Equity securities (quoted) | **930,184** | 1,810,087 | – | **930,184** | 1,810,087 | – |

**Investments pledged as security**

The quoted equity securities had been pledged as security for a convertible loan (Note 25). Under the terms and conditions of the loan, the Group is prohibited from disposing of this investment or subjecting it to further charges without furnishing a replacement security of similar value.

## 19. CASH AND SHORT-TERM DEPOSITS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Cash and bank balances | **4,903,908** | 4,901,044 | 4,825,211 | **110,742** | 394,056 | 102,114 |
| Short-term deposits | **712,441** | 3,248,410 | 4,229,047 | **–** | 1,541,928 | 2,430,333 |
| Cash and short-term deposits | **5,616,349** | 8,149,454 | 9,054,258 | **110,742** | 1,935,984 | 2,532,447 |

Cash at banks earns interest at floating rates based on daily bank deposits. Short-term deposits mature on varying periods between 1 to 12 (31.3.2018: 1 to 12; 1.4.2017: 1 to 12) months from the end of the reporting period. The effective interest rates on the short-term deposits range from 0.05% to 0.7% (31.3.2018: 0.05% to 0.7%; 1.4.2017: 0.05% to 0.7%) per annum. The short-term deposits of the Group and the Company amounting to $701,907 (31.3.2018: $2,910,392; 1.4.2017: $4,013,042) and $nil (31.3.2018: $1,541,928; 1.4.2017: $2,430,333) respectively are pledged to banks for facilities granted to the Group and the Company (Note 22).

As at 31 March 2019, the Group had cash and cash equivalents (including pledged deposits) of $2,807,480 (31.3.2018: $381,724; 1.4.2017: $2,034,582) denominated in Chinese Renminbi ("RMB"). These balances are deposited with the banks in the PRC. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 19. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

Cash and short-term deposits that are not denominated in the respective functional currencies of the entity and its subsidiaries as at 31 March are as follows:

| | Group | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| United States dollar | **32,551** | 180,224 | 207,970 |

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

| | Group | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| **Cash and short-term deposits:** | | | |
| – Continuing operations | **5,616,349** | 8,149,454 | 9,054,258 |
| – Discontinued operations (Note 20) | **1,434,202** | – | 1,338,366 |
| | **7,050,551** | 8,149,454 | 10,392,624 |
| Bank overdrafts (Note 22) | **(1,487,443)** | (1,728,341) | (2,434,737) |
| Short-term deposits pledged | **(701,907)** | (2,910,392) | (4,013,042) |
| Cash and cash equivalents in the consolidated cash flow statement | **4,861,201** | 3,510,721 | 3,944,845 |

## 20. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

### Presscrete Engineering Pte Ltd

On 12 May 2019, a Sale and Purchase Agreement (the "Agreement") between Tritech Group Limited (the "Group"), TGL Engineering ("TGL Engineering") and Lim Wen Heng Construction (the "Purchaser") was entered in relation to the sale of shares in the capital of Presscrete Engineering Pte Ltd ("Presscrete"). Subject to the terms and conditions of the Agreement, the Purchaser shall purchase 6,000,000 fully paid ordinary shares representing 100% of the issued and paid-up share capital of PE for a consideration which is made up of 3 components:

- Item A: Adjusted net tangible asset or liability value of Presscrete as at 31 December 2018
- Item B: Intangible assets of Presscrete, mutually agreed at $50,000
- Item C: 50% of net profits or net losses, each after tax, to be generated from the agreed projects in the Agreement within the period of two years from 1 January 2019 to 31 December 2020 (the "Agreed Period")

As at 31 March 2019, the assets and liabilities of Presscrete have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and its results are presented separately on profit or loss as "Loss from discontinued operations, net of income tax". The disposal of Presscrete was completed on 21 May 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**20. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE** (CONTINUED)

**Presscrete Engineering Pte Ltd** (Continued)

**Balance sheet disclosures**

The major classes of assets and liabilities of Presscrete classified as held for sale as at 31 March 2019 are as follows:

| | Note | 31.3.2019 |
|---|---|---|
| | $ | $ |
| **Assets:** | | |
| Property, plant and equipment | 10 | **5,076,992** |
| Intangible assets | 14 | **45,000** |
| Inventories | | **300,629** |
| Trade and other receivables | | **6,017,015** |
| Contract assets | | **1,633,153** |
| Prepayments | | **318,810** |
| Cash and bank balances | 19 | **1,434,202** |
| Assets of disposal group classified as held for sale | | **14,825,801** |
| **Liabilities:** | | |
| Trade and other payables | | **8,801,459** |
| Finance lease payables | 24 | **793,981** |
| Contract liabilities | | **631,425** |
| Amount due to shareholder | 23 | **1,507,658** |
| Bank borrowings | 22 | **2,245,990** |
| Liabilities directly associated with disposal group classified as held for sale | | **13,980,513** |

**Income statement disclosures**

The results of Presscrete for the years ended 31 March are as follows:

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Revenue | **6,382,028** | 17,087,259 |
| Cost of sales | **(13,859,829)** | (16,014,757) |
| Gross (loss)/profit | **(7,477,801)** | 1,072,502 |
| Other income | **152,334** | 369,291 |
| Administrative costs | **(3,498,968)** | (3,374,175) |
| Other costs | **(7,627,536)** | (2) |
| Finance costs | **(355,841)** | (168,114) |
| Loss before taxation from discontinued operation | **(18,807,812)** | (2,100,498) |
| Income tax expense | **(15,802)** | – |
| Loss from discontinued operation, net of income tax | **(18,823,614)** | (2,100,498) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

**Presscrete Engineering Pte Ltd** (Continued)

**Cash flow statement disclosures**

The cash flows attributable to Presscrete are as follows:

| | 2019 $ | 2018 $ |
|---|---|---|
| Operating | **(6,707,070)** | 474,746 |
| Investing | **249,046** | 33,431 |
| Financing | **7,340,177** | (250,406) |
| Net cash | **882,153** | 257,771 |

**Terratech Group Limited**

On 9 June 2016, one of its subsidiaries, Terratech Group Limited ("Terratech"), announced that it has entered into a conditional sale and purchase agreement with the shareholders of a unrelated third party, Capital World Limited, to acquire the entire issued and paid-up share capital of Terratech for $300.0 million in a reverse takeover ("RTO"). The proposed disposal of Terratech, which was previously reported in the Marble Resources business segment, is consistent with the Group's strategy to focus on the Engineering and Water-related and environmental businesses.

As at 1 April 2017, the assets and liabilities of Terratech have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and its results are presented separately on profit or loss as "Loss from discontinued operations, net of income tax". The disposal of Terratech was completed on 4 May 2018.

**Balance sheet disclosures**

The major classes of assets and liabilities of Terratech classified as held for sale and the related reserves as at 1 April 2017 are as follows:

| | 1.4.2017 $ |
|---|---|
| **Assets:** | |
| Property, plant and equipment | 4,984,832 |
| Mining rights | 14,015,202 |
| Goodwill | 1,260,159 |
| Inventories | 3,348,870 |
| Trade and other receivables | 4,559,695 |
| Amounts due from contract customers | 320,136 |
| Prepayments | 105,295 |
| Cash and bank balances | 1,338,366 |
| Assets of disposal group classified as held for sale | 29,932,555 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Terratech Group Limited (Continued)

**Cash flow statement disclosures**

| | 1.4.2017 $ |
|---|---|
| **Liabilities:** | |
| Trade and other payables | 9,193,327 |
| Finance lease payables | 27,372 |
| Amounts due to contract customers | 85,463 |
| Amount due to shareholder | 70,000 |
| Tax payables | 274,616 |
| Bank borrowings | 400,000 |
| Deferred taxation | 2,458,686 |
| Liabilities directly associated with disposal group classified as held for sale | 12,509,464 |
| **Reserves:** | |
| Accumulated losses | (44,804,682) |
| Foreign currency translation reserve | (29,948) |
| | (44,834,630) |
| **Non-controlling interest attributable to disposal group held for sale:** | |
| Non-controlling interest | 7,881,494 |

**Income statement disclosures**

The results of Terratech for the year ended 31 March 2018 are as follows:

| | 2018 $ |
|---|---|
| Revenue | 882,881 |
| Cost of sales | (709,428) |
| Gross profit | 173,453 |
| Other income | 768,274 |
| Distribution costs | (7,794) |
| Administrative costs | (97,523) |
| Other costs | (2,551,402) |
| Finance costs | (4,079) |
| Loss before taxation from discontinued operation | (1,719,071) |
| Income tax expense | (42,139) |
| Loss from discontinued operation, net of income tax | (1,761,210) |
| Other comprehensive income: | |
| Exchange differences on translating foreign operation | 82,710 |
| Total comprehensive income for the financial year | (1,678,500) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 20. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

**Terratech Group Limited** (Continued)

**Cash flow statement disclosures**

The cash flows attributable to Terratech are as follows:

| | 2018 $ |
|---|---|
| Operating | 1,483,462 |
| Investing | – |
| Financing | (86,110) |
| Net cash | 1,397,352 |

**(Loss)/Profit per share disclosure**

| | 2019 $ | 2018 $ Restated |
|---|---|---|
| (Loss)/Profit per share from discontinued operation attributable to owners of the Company (cents per share) | | |
| Basic | (2.0) | 0.9 |
| Diluted | (2.0) | 0.9 |

## 21. TRADE AND OTHER PAYABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 $ | 31.3.2018 $ | 1.4.2017 $ | 2019 $ | 31.3.2018 $ | 1.4.2017 $ |
| Trade payables to third parties | **7,205,008** | 12,046,458 | 12,769,023 | **–** | – | – |
| Goods and Services Tax ("GST") payable | **463,825** | 894,070 | 452,265 | **2,454** | – | 5,689 |
| Accrued operating expenses | **2,644,622** | 3,075,152 | 7,642,924 | **1,190,759** | 819,879 | 757,218 |
| Interest accrued on convertible loans (Note 25) | **–** | – | 415,620 | **–** | – | 415,620 |
| Accrued unutilised leave | **256,353** | 366,341 | 366,750 | **–** | – | – |
| Advances from customers | **641,627** | 1,233,372 | 558,398 | **–** | – | – |
| Deposits received | **–** | 27,650 | 27,866 | **–** | – | – |
| Other payables | **16,176,176** | 16,002,419 | 14,477,588 | **116,847** | 146,089 | 225,092 |
| Notes payables | **–** | – | 241,040 | **–** | – | – |
| Amounts due to subsidiaries | **–** | – | – | **5,732,096** | 4,557,100 | 3,599,145 |
| | **27,387,611** | 33,645,462 | 36,951,474 | **7,042,156** | 5,523,068 | 5,002,764 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 21. TRADE AND OTHER PAYABLES (CONTINUED)

**Trade payables**

Trade payables are non-interest bearing and are normally settled between 30 to 90 (31.3.2018 and 1.4.2017: 30 to 90) days' terms.

**Amounts due to subsidiaries**

Amounts due to the subsidiaries mainly comprises expenses recharges which are unsecured, non-interest bearing and repayable on demand in cash and/or set off against balance except for an amount of $2,241,000 (31.3.2018: $3,463,000; 1.4.2017: $1,500,000) due to subsidiaries which bears an effective interest rate from 5.42% to 15.0% (31.3.2018: 4.2% to 15.0%; 1.4.2017: 4.23%) per annum on monthly rates or such other rate(s) as may be determined by the subsidiaries.

Trade and other payables denominated in foreign currencies other than the functional currency of the entity as at 31 March are as follows:

| | Group | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| United States Dollar | **41,273** | 6,693 | 851,166 |
| New Zealand Dollar | **46,103** | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **Current liabilities** | | | | | | |
| **Secured** | | | | | | |
| Term loan I | **–** | 900,000 | 1,200,000 | **–** | 900,000 | 1,200,000 |
| Term loan II | **–** | 83,333 | 100,000 | **–** | – | – |
| Term loan III | **–** | 626,100 | – | **–** | – | – |
| Term loan IV | **–** | 3,756,600 | – | **–** | – | – |
| Term loan V | **–** | 3,130,500 | – | **–** | – | – |
| Term loan VI | **–** | 3,130,500 | – | **–** | – | – |
| Term loan VII | **–** | 3,026,150 | – | **–** | – | – |
| Term loan VIII | **–** | 417,400 | – | **–** | – | – |
| Term loan X | **–** | – | 1,521,000 | **–** | – | – |
| Term loan XI | **–** | – | 3,042,000 | **–** | – | – |
| Term loan XII | **–** | – | 1,216,800 | **–** | – | – |
| Term loan XIII | **–** | – | 3,042,000 | **–** | – | – |
| Term loan XIV | **–** | – | 2,940,600 | **–** | – | – |
| Term loan XV | **–** | – | 608,400 | **–** | – | – |
| Term loan XVI | **–** | – | 71,483 | **–** | – | – |
| Term loan XXI | **3,634,200** | – | – | **–** | – | – |
| Term loan XXII | **2,826,600** | – | – | **–** | – | – |
| Term loan XXIII | **2,927,550** | – | – | **–** | – | – |
| Term loan XXIV | **3,028,500** | – | – | **–** | – | – |
| Term loan XXV | **201,900** | – | – | **–** | – | – |
| Term loan XXVI | **201,900** | – | – | **–** | – | – |
| Term loan XXVII | **403,800** | – | – | **–** | – | – |
| Term loan XXVIII | **201,900** | – | – | **–** | – | – |
| Term loan XXIX | **201,900** | – | – | **–** | – | – |
| Term loan XXX | **403,800** | – | – | **–** | – | – |
| Term loan XXXI | **2,019,000** | – | – | **–** | – | – |
| Term loan XXXII | **605,700** | – | – | **–** | – | – |
| Mortgage loan | **21,507** | 22,530 | 21,368 | **21,506** | 22,530 | 21,368 |
| Bank overdrafts | **1,487,443** | 1,721,882 | 2,288,886 | **1,487,443** | 1,721,882 | 1,984,745 |
| Fixed advanced facility loan I ("FAFY I") | **875,000** | 1,500,000 | 1,500,000 | **–** | – | – |
| Fixed advanced facility loan II ("FAFY II") | **–** | 1,500,000 | 1,500,000 | **–** | 1,500,000 | 1,500,000 |
| | **19,040,700** | 19,814,995 | 19,052,537 | **1,508,949** | 4,144,412 | 4,706,113 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS (CONTINUED)

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **Current liabilities** | | | | | | |
| **Unsecured** | | | | | | |
| Term loan IX | **–** | 335,569 | – | **–** | – | – |
| Term loan XVII | **–** | – | 500,000 | **–** | – | – |
| Term loan XVIII | **–** | 224,105 | – | **–** | – | – |
| Term loan XIX | **–** | 901,256 | – | **–** | – | – |
| Term loan XX | **–** | 666,667 | – | **–** | – | – |
| Term loan XXXIII | **350,000** | – | – | **–** | – | – |
| Term loan XXXIV | **500,000** | – | – | **–** | – | – |
| Term loan XXXV | **400,000** | – | – | **–** | – | – |
| Term loan XXXVI | **1,248,195** | – | – | **–** | – | – |
| Bank overdrafts | **–** | 6,459 | 145,851 | **–** | – | – |
| | **2,498,195** | 2,134,056 | 645,851 | **–** | – | – |
| | **21,538,895** | 21,949,051 | 19,698,388 | **1,508,949** | 4,144,412 | 4,706,113 |
| **Non-current liabilities** | | | | | | |
| **Secured** | | | | | | |
| Term loan II | **–** | – | 900,000 | **–** | – | 900,000 |
| Term Loan XIV | **–** | – | 83,333 | **–** | – | – |
| Mortgage loan | **291,337** | 310,998 | 331,833 | **291,337** | 310,998 | 331,833 |
| | **291,337** | 310,998 | 1,315,166 | **291,337** | 310,998 | 1,231,833 |
| **Unsecured** | | | | | | |
| Term loan IX | **–** | 58,744 | – | **–** | – | – |
| | **291,337** | 369,742 | 1,315,166 | **291,337** | 310,998 | 1,231,833 |
| Total bank borrowings | **21,830,232** | 22,318,793 | 21,013,554 | **1,800,286** | 4,455,410 | 5,937,946 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS (CONTINUED)

The average effective interest rates per annum of the bank borrowings are as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Term loan I | **–** | 4.25 | 4.25 | **–** | 4.25 | 4.25 |
| Term loan II | **–** | 7.50 | 7.50 | **–** | – | – |
| Term loan III | **–** | 5.22 | – | **–** | – | – |
| Term loan IV | **–** | 7.40 | – | **–** | – | – |
| Term loan V | **–** | 4.79 | – | **–** | – | – |
| Term loan VI | **–** | 5.00 | – | **–** | – | – |
| Term loan VII | **–** | 5.00 | – | **–** | – | – |
| Term loan VIII | **–** | 16.80 | – | **–** | – | – |
| Term loan IX | **–** | 8.50 | – | **–** | – | – |
| Term loan X | **–** | – | 7.40 | **–** | – | – |
| Term loan XI | **–** | – | 5.00 | **–** | – | – |
| Term loan XII | **–** | – | 7.40 | **–** | – | – |
| Term loan XIII | **–** | – | 5.00 | **–** | – | – |
| Term loan XIV | **–** | – | 5.00 | **–** | – | – |
| Term loan XV | **–** | – | 5.22 | **–** | – | – |
| Term loan XVI | **–** | – | 2.15 | **–** | – | – |
| Term loan XVII | **–** | – | 10.00 | **–** | – | – |
| Term loan XVIII | **–** | 8.31 | – | **–** | – | – |
| Term loan XIX | **–** | 8.00 – 15.00 | – | **–** | – | – |
| Term loan XX | **–** | 11.00 | – | **–** | – | – |
| Term loan XXI | **7.40** | – | – | **–** | – | – |
| Term loan XXII | **5.22** | – | – | **–** | – | – |
| Term loan XXIII | **5.22** | – | – | **–** | – | – |
| Term loan XXIV | **5.22** | – | – | **–** | – | – |
| Term loan XXV | **16.80** | – | – | **–** | – | – |
| Term loan XXVI | **16.80** | – | – | **–** | – | – |
| Term loan XXVII | **16.80** | – | – | **–** | – | – |
| Term loan XXVIII | **16.80** | – | – | **–** | – | – |
| Term loan XXIX | **16.80** | – | – | **–** | – | – |
| Term loan XXX | **16.80** | – | – | **–** | – | – |
| Term loan XXXI | **24.00** | – | – | **–** | – | – |
| Term loan XXXII | **5.22** | – | – | **–** | – | – |
| Term loan XXXIII | **15.00** | – | – | **–** | – | – |
| Term loan XXXIV | **8.31** | – | – | **–** | – | – |
| Term loan XXXV | **8.31** | – | – | **–** | – | – |
| Term loan XXXVI | **15.00** | – | – | **–** | – | – |
| Mortgage loan | **6.25** | 5.75 | 5.75 | **6.25** | 5.75 | 5.75 |
| FAFY I | **5.42** | 4.69 | 4.22 | **–** | – | – |
| FAFY II | **–** | 4.25 | 3.93 – 4.24 | **–** | 4.25 | 4.49 – 4.51 |
| Bank overdrafts | **6.40** | 6.40 – 9.88 | 5.50 – 6.40 | **6.40** | – | 6.40 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS (CONTINUED)

**Secured**

Term loan I from a financial institution which is denominated in SGD is repayable over 72 months commencing from 12 October 2012 at the bank's prevailing prime rate. Term loan I is secured by short-term deposits of the Company and corporate guarantee by certain subsidiaries of the Group. Term loan I was fully repaid in the financial year.

Term loan II from a financial institution which is denominated in SGD is repayable over 24 months commencing from 20 December 2016. Term loan II is secured by the equipment and a corporate guarantee of the Company. Term loan II was fully repaid in the financial year.

Term loan III from a financial institution which is denominated in Chinese Yuan ("CNY") is repayable over 12 months commencing from 6 November 2017. Term loan III is secured by a leasehold property (Note 10) of the Group in the PRC. Term loan III was fully repaid in the financial year.

Term loan IV from a financial institution which is denominated in CNY is repayable over 12 months commencing from 20 June 2017. Term loan IV is secured by a leasehold property (Note 10) of the Group in the PRC. Term loan IV was fully repaid in the financial year.

Term loan V from a financial institution which is denominated in CNY is repayable over 12 months commencing from 07 August 2017. Term loan V is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan V was fully repaid in the financial year.

Term loan VI from a financial institution which is denominated in CNY is repayable over 12 months commencing from 27 October 2017. Term loan VI is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan VI was fully repaid in the financial year.

Term loan VII from a financial institution which is denominated in CNY is repayable over 12 months commencing from 05 December 2017. Term loan VII is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan VII was fully repaid in the financial year.

Term loan VIII from a financial institution which is denominated in CNY is repayable over 6 months commencing from 19 March 2018. Term loan VIII is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan VIII was fully repaid in the financial year.

Term loan X from a financial institution which is denominated in CNY is repayable over 12 months commencing from 27 June 2018. Term loan X is secured by a leasehold property (Note 10) of the Group in the PRC. Term loan X was fully repaid in the previous financial year.

Term loan XI from a financial institution which is denominated in CNY is repayable over 12 months commencing from 04 August 2016. Term loan XI is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan XI was fully repaid in the previous financial year.

Term loan XII from a financial institution which is denominated in CNY is repayable over 12 months commencing from 12 September 2016. Term loan XII is secured by a leasehold property (Note 10) of the Group in the PRC. Term loan XII was fully repaid in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**22. BANK BORROWINGS** (CONTINUED)

**Secured** (Continued)

Term loan XIII from a financial institution which is denominated in CNY is repayable over 12 months commencing from 28 October 2016. Term loan XIII is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan XIII was fully repaid in the previous financial year.

Term loan XIV from a financial institution which is denominated in CNY is repayable over 12 months commencing from 09 December 2016. Term loan XIV is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC. Term loan XIV was fully repaid in the previous financial year.

Term loan XV from a financial institution which is denominated in CNY is repayable over 12 months commencing from 31 October 2016. Term loan XV is secured by a leasehold property (Note 10) of the Group in the PRC. Term loan XV was fully repaid in the previous financial year.

Term loan XVI from a financial institution which is denominated in SGD is repayable over 24 months commencing from 30 April 2016. Term loan XVI is secured by the equipment and a corporate guarantee of the Company. Term loan XVI was fully repaid in the previous financial year.

Term loan XXI from a financial institution which is denominated in CNY is repayable over 12 months commencing from 13 June 2018. Term loan XXI is secured by a leasehold property (Note 10) of the Group in the PRC.

Term loan XXII from a financial institution which is denominated in CNY is repayable over 12 months commencing from 7 August 2018. Term loan XXII is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC.

Term loan XXIII from a financial institution which is denominated in CNY is repayable over 12 months commencing from 26 October 2018. Term loan XXIII is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC.

Term loan XXIV from a financial institution which is denominated in CNY is repayable over 12 months commencing from 4 December 2018. Term loan XXIV is secured by a leasehold property (Note 10) and land use rights (Note 13) of the Group in the PRC.

Term loan XXV from a financial institution which is denominated in CNY is repayable over 6 months commencing from 28 February 2019. Term loan XXV is secured by a leasehold property (Note 10) of the Group in the PRC.

Term loan XXVI from a financial institution which is denominated in CNY is repayable over 6 months commencing from 19 October 2018. Term loan XXVI is secured by a leasehold property (Note 10) of the Group in the PRC.

Term loan XXVII from a financial institution which is denominated in CNY is repayable over 6 months commencing from 31 October 2018. Term loan XXVII is secured by a leasehold property (Note 10) of the Group in the PRC.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS (CONTINUED)

**Secured** (Continued)

Term loan XXVIII from a financial institution which is denominated in CNY is repayable over 6 months commencing from 7 November 2018. Term loan XXVIII is secured by a leasehold property (Note 10) of the Group in the PRC.

Term loan XXIX from a financial institution which is denominated in CNY is repayable over 6 months commencing from 20 November 2018. Term loan XXIX is secured by a leasehold property (Note 10) of the Group in the PRC.

Term loan XXX from a financial institution which is denominated in CNY is repayable over 6 months commencing from 26 December 2018. Term loan XXX is secured by a leasehold property (Note 10) of the Group in the PRC.

Term loan XXXI from a financial institution which is denominated in CNY is repayable over 3 months commencing from 29 March 2019. Term loan XXXI is secured by shares of a subsidiary (Note 11) in the PRC.

Term loan XXXII from a financial institution which is denominated in CNY is repayable over 12 months commencing from 28 November 2018. Term loan XXXII is secured by a leasehold property (Note 10) of the Group in the PRC.

Mortgage loan from a financial institution which is denominated in SGD is repayable over 210 months commencing from 11 May 2012 at the bank's commercial financing rate. Mortgage loan is secured by the legal mortgage over the Company's leasehold property (Note 10).

Bank overdrafts are secured by short-term deposits of certain subsidiaries, the Company's leasehold property and a corporate guarantee of the Company. Bank overdrafts are denominated in SGD.

FAFY I loan from a financial institution which is denominated in SGD is repayable and rollover every 1-month (31.3.2018 and 1.4.2017: 1-month, commencing from 15 July 2016). FAFY I loan is secured by short-term deposits charged to the financial institution and a corporate guarantee of the Company.

FAFY II loan from a financial institution which is denominated in SGD is repayable and rollover every 3-months commencing from the drawdown dates on 3 October 2012 and 30 October 2012. FAFY II loan is secured by short-term deposits of the Company and corporate guarantees by certain subsidiaries of the Group. FAFY II loan was fully repaid in the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS (CONTINUED)

**Unsecured**

Term loan IX from a financial institution which is denominated in SGD is repayable over 18 months commencing from 1 December 2017. Term loan IX is secured by a corporate guarantee of the Company. As at 31 March 2019, term loan IX has been presented as part of the liabilities of the disposal group classified as held for sale (Note 20).

Term loan XVII from a financial institution which is denominated in SGD is repayable over 6 months commencing from 28 March 2017. Term loan XVII is secured by a corporate guarantee of the Company. Term loan XVII was fully repaid in the previous financial year.

Term loan XVIII from a financial institution which is denominated in SGD is repayable over 12 months commencing from 21 February 2018. Term loan XVIII is secured by a corporate guarantee of the Company. Term loan XVIII was fully repaid in the financial year.

Term loan XIX from a financial institution which is denominated in SGD is repayable over 12 months commencing from 20 November 2017. Term loan XIX is secured by a corporate guarantee of the Company. Term loan XIX was fully repaid in the financial year.

Term loan XX from a financial institution which is denominated in SGD is repayable over 12 months commencing from 30 November 2017. Term loan XX is secured by a corporate guarantee of the Company. Term loan XX was fully repaid in the financial year.

Term loan XXXIII from a financial institution which is denominated in SGD is repayable over 12 months commencing from 16 October 2018. Term loan XXXIII is secured by a corporate guarantee of the Company.

Term loan XXXIV from a financial institution which is denominated in SGD is repayable over 12 months commencing from 14 March 2019. Term loan XXXIV is secured by a corporate guarantee of the Company.

Term loan XXXV from a financial institution which is denominated in SGD is repayable over 12 months commencing from 27 March 2019. Term loan XXXV is secured by a corporate guarantee of the Company.

Term loan XXXVI from a financial institution which is denominated in SGD is repayable over 12 months commencing from 15 January 2019. Term loan XXXVI is secured by a corporate guarantee of the Company.

As at the end of the reporting period, the banking facilities utilised by and granted to the Group and the Company are as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Facilities granted | **21,842,788** | 22,540,452 | 21,345,484 | **1,812,843** | 4,483,528 | 5,953,201 |
| Facilities utilised | **21,830,232** | 22,318,793 | 21,030,221 | **1,800,286** | 4,455,410 | 5,937,946 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 22. BANK BORROWINGS (CONTINUED)

**Unsecured** (Continued)

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

| | 2018 | Cash flows | Foreign exchange | Reclassification | Reclassified as disposal group | 2019 |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Bank borrowings | | | | | | |
| • current | 20,227,169 | 2,426,532 | (434,664) | 78,405 | (2,245,990) | **20,051,452** |
| • non-current | 369,742 | – | – | (78,405) | – | **291,337** |
| **Total** | 20,596,911 | 2,426,532 | (434,664) | – | (2,245,990) | **20,342,789** |

| | 1.4.2017 | Cash flows | Foreign exchange | Reclassification | 2018 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Bank borrowings | | | | | |
| • current | 17,409,502 | 1,613,232 | 259,011 | 945,424 | 20,227,169 |
| • non-current | 1,315,166 | – | – | (945,424) | 369,742 |
| **Total** | 18,724,668 | 1,613,232 | 259,011 | – | 20,596,911 |

## 23. LOANS FROM SHAREHOLDERS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ | $ | $ | $ |
| **Current** | | | | | | |
| Loans from shareholders | **8,087,500** | 2,320,000 | 2,820,000 | **8,087,500** | 2,320,000 | 2,820,000 |
| Amounts due to a shareholder | **417,773** | 1,610,013 | 1,729,270 | **300,000** | – | 200,000 |
| | **8,505,273** | 3,930,013 | 4,549,270 | **8,387,500** | 2,320,000 | 3,020,000 |
| **Non-current** | | | | | | |
| Amounts due to a shareholder | **1,000,000** | – | – | **1,000,000** | – | – |
| | **9,505,273** | 3,930,013 | 4,549,270 | **9,387,500** | 2,320,000 | 3,020,000 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 23. LOANS FROM SHAREHOLDERS (CONTINUED)

**Loan from shareholders**

As at 31 March 2019, the Group had loan from shareholder of $2,767,500 denominated in New Zealand Dollar. The loan from shareholders are unsecured, interest-bearing at an effective interest rate of 8% to 12% (31.3.2018: 10%; 1.4.2017: 10%) per annum and with a maturities period of 3 to 12 months.

**Amounts due to a shareholder**

The amounts due to shareholder comprise advances received from the shareholders for working capital purposes. The non-trade amounts are unsecured and non-interest bearing.

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

| | 2018<br>$ | Cash flows<br>$ | Foreign exchange movement<br>$ | Reclassified as disposal group<br>$ | 2019<br>$ |
|---|---|---|---|---|---|
| Loans from shareholders | 2,320,000 | 5,714,100 | 53,400 | – | **8,087,500** |
| Amounts due to a shareholder | 1,610,013 | 1,315,418 | – | (1,507,658) | **1,417,773** |
| **Total** | 3,930,013 | 7,029,518 | 53,400 | (1,507,658) | **9,505,273** |

| | 1.4.2017<br>$ | Cash flows<br>$ | 2018<br>$ |
|---|---|---|---|
| Loans from shareholders | 2,820,000 | (500,000) | 2,320,000 |
| Amounts due to a shareholder | 1,729,270 | (119,257) | 1,610,013 |
| **Total** | 4,549,270 | (619,257) | 3,930,013 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 24. FINANCE LEASE PAYABLES

The Group has finance leases for certain items of motor vehicles, machinery, instrumentation and tools. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 31.3.2018 | | 1.4.2017 | |
| | Minimum lease payments | Present value of payments | Minimum lease payments | Present value of payments | Minimum lease payments | Present value of payments |
| | $ | $ | $ | $ | $ | $ |
| Within one year | **249,992** | **239,805** | 1,637,865 | 1,559,313 | 3,221,837 | 3,063,386 |
| Later than one year but not later than five years | **72,951** | **70,184** | 981,819 | 955,498 | 2,316,619 | 2,231,114 |
| After five years | **–** | **–** | – | – | 4,933 | 4,893 |
| Total minimum lease payments | **322,943** | **309,989** | 2,619,684 | 2,514,811 | 5,543,389 | 5,299,393 |
| Less: Amounts representing finance charges | **(12,954)** | **–** | (104,873) | – | (243,996) | – |
| Present value of minimum lease payments | **309,989** | **309,989** | 2,514,811 | 2,514,811 | 5,299,393 | 5,299,393 |

The effective interest rates charged during the financial year ranged from 2.50% to 6.50% (31.3.2018: 1.30% to 6.51%; 1.4.2017: 2.50% to 6.77%) per annum. The finance lease terms range from 3 to 7 years (31.3.2018: 1 to 7 years; 1.4.2017: 2 to 7 years).

The Group's obligations under the finance leases are secured by the lessors' title to the leased assets (Note 10), short-term deposits of certain subsidiaries of the Group and corporate guarantees of the Company.

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

| | 2018 | Reclassification | Cash flows | Reclassified as disposal group | 2019 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Finance lease payables | | | | | |
| • current | 1,559,313 | 901,098 | (1,566,526) | (654,080) | **239,805** |
| • non-current | 955,498 | (745,413) | – | (139,901) | **70,184** |
| **Total** | 2,514,811 | 155,685 | (1,566,526) | (793,981) | **309,989** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 24. FINANCE LEASE PAYABLES (CONTINUED)

| | 1.4.2017 | Reclassification | Cash flows | 2018 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Finance lease payables | | | | |
| • current | 3,063,386 | 1,280,509 | (2,784,582) | 1,559,313 |
| • non-current | 2,236,007 | (1,280,509) | – | 955,498 |
| **Total** | 5,299,393 | – | (2,784,582) | 2,514,811 |

## 25. CONVERTIBLE LOANS

**Convertible loan I**

On 21 September 2014, the Company entered into a convertible loan agreement with 13 independent individuals (collectively, the "Lenders"), pursuant to which:

(a) the Lenders have agreed to grant interest-bearing convertible loans of up to $10,000,000 in aggregate ("Minimum Loan") to the Company; and

(b) at the Company's request and subject to Lenders agreeing, additional interest bearing convertible loans of up to $10,000,000 in aggregate ("Additional Loan"),

each convertible into new ordinary shares in the share capital of the Company ("Loan Shares") at a conversion price of $0.21 ("Loan Conversion Price").

A Lender shall have the right to have his outstanding loan repaid (in full or in part) by the Company by conversion of any amount of such loan into Loan Shares, at any time prior to the third anniversary of the date of disbursement of such loan by such Lender ("Maturity Date"). To the extent that such loan is not repaid in Loan Shares by the Maturity Date, the Company shall repay the outstanding loan to such Lender in cash on the Maturity Date. Lenders shall not be entitled to request the Company to repay or prepay any convertible loan or any part thereof in cash before the relevant maturity date of convertible loan.

The loans bear interest rate at 10% per annum on the balance outstanding and interest shall be paid by the Company to the Lenders, by way of conversion into ordinary shares ("Interest Shares"), or by cash. Interest conversion price for the interest shares shall be at the lower of:

(i) $0.21; or

(ii) 10% discount to the weighted average share price for trades done on the SGX-ST over the last seven Trading Days prior to such Interest Payment Event;

In the event that the Interest Conversion Price is less than $0.11, interest shall be payable in cash.

On 28 October 2014, the Company had drawn down on the Minimum Loan of $10,000,000, and the full amount thereof has been disbursed by the Lenders to the Company on that date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**25. CONVERTIBLE LOANS** (CONTINUED)

**Convertible loan I** (Continued)

On 31 March 2017, the Company had written to the Lenders to offer each of the Lenders an early settlement of the relevant loans held by them. The proposed settlement amount in relation to each Lender shall be the principal amount of the relevant loan plus the agreed interest amount and shall be settled by shares of Terratech Group Limited (now known as Capital World Limited) ("Terratech") held by the Company, including the Terratech shares to be sold under the compliance placement to be carried out in conjunction with the reverse takeover of Terratech ("Terratech Compliance Placement").

On 26 April 2017, the Company announced that certain Lenders had accepted the early settlement ("Early Settlement"), with the aggregate settlement sum amounting to $8,250,000, and the proposed disposal of 41,250,000 consolidated shares of Terratech in settlement and satisfaction of such settlement amount (the "Proposed Disposal"). As at the date of this announcement, the outstanding aggregate principal amount of $2,500,000, plus the interest of $125,000, totalling $2,625,000 has been fully settled on the maturity date, 28 October 2017.

**Convertible loan II**

On 27 October 2017, the Company had entered into convertible loan agreement with a private company (the "Lender''), pursuant to which the Lender has agreed to grant an interest-bearing convertible loan of $4,000,000 principal amount to the Company. The Company had drawn down $4,000,000 of the convertible loans at the same day of entering into the agreement. The convertible loan is convertible into 50,000,000 ordinary shares, at a conversion price of $0.08 per share subject to adjustments in accordance with the provisions of the convertible loan agreement.

The carrying amounts of the equity, derivative and liability components of the convertible loans at the end of the reporting date are arrived at as follows:

| | Equity component<br>$ | Derivative component<br>$ | Liability component<br>$ | Deferred tax liabilities<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| Convertible loan I | | | | | |
| **At 1 April 2017** | 2,108,300 | 14,000 | 9,449,515 | 93,583 | 11,665,398 |
| Add/(less): | | | | | |
| Interest expense | – | – | 1,550,485 | – | 1,550,485 |
| Early settlement of loan | – | – | (8,250,000) | – | (8,250,000) |
| Settlement of loan | – | (14,000) | (2,750,000) | (93,583) | (2,857,583) |
| **At 31 March 2018** | 2,108,300 | – | – | – | 2,108,300 |
| Convertible loan II | | | | | |
| **At date of issuance on 27 October 2018** | 664,000 | – | 3,200,000 | 136,000 | 4,000,000 |
| Add/(less): | | | | | |
| Interest expense | – | – | 317,164 | (21,422) | 295,742 |
| Interest payments | – | – | (191,150) | – | (191,150) |
| **At 31 March 2018 and 1 April 2018** | 2,772,300 | – | 3,326,014 | 114,578 | 6,212,892 |
| Add: | | | | | |
| Interest expense | – | – | 1,053,986 | – | 1,053,986 |
| Interest payments | – | – | (480,000) | – | (480,000) |
| **At 31 March 2019** | 2,772,300 | – | 3,900,000 | 114,578 | 6,786,878 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 25. CONVERTIBLE LOANS (CONTINUED)

**Convertible loan II** (Continued)

| | Group and Company | | |
|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** |
| *Liability component of convertible loans* | | | |
| **Current** | | | |
| Interest accrued on convertible loans (Note 21) | **–** | – | 415,620 |
| Liability component of convertible loans | **3,900,000** | – | 9,033,895 |
| | **3,900,000** | – | 9,449,515 |
| **Non-current** | | | |
| Liability component of convertible loans | **–** | 3,326,014 | – |
| | **3,900,000** | 3,326,014 | 9,449,515 |

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

| | 2018 | Accretion of interest | Reclassification | 2019 |
|---|---|---|---|---|
| | $ | $ | $ | |
| Convertible loans | | | | |
| • current | – | – | 3,900,000 | **3,900,000** |
| • non-current | 3,326,014 | 573,986 | (3,900,000) | **–** |
| | 3,326,014 | 573,986 | – | **3,900,000** |

| | 1.4.2017 | Cash flows | Payment of interest | Accretion of interest | Disposal | 2018 |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Convertible loans | | | | | | |
| • current | 9,449,515 | (2,500,000) | (250,000) | 1,550,485 | (8,250,000) | – |

| | 1.4.2017 | Cash flows | Prepayment | Interest expense | Reclassification to equity component and deferred tax liabilities | Accretion of interest | 2018 |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Convertible loans | | | | | | | |
| • non-current | – | 3,760,000 | 48,850 | 191,150 | (800,000) | 126,014 | 3,326,014 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 26. DEFERRED TAX

Deferred income tax as at 31 March relates to the following:

| | Consolidated balance sheet | | | Consolidated income statement | |
|---|---|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 | 2019 | 2018 |
| | $ | $ | $ | $ | $ |
| **Gross deferred tax assets** | | | | | |
| Differences in depreciation of plant and equipment for tax purposes | **–** | – | 30,525 | **–** | (30,525) |
| | **–** | – | 30,525 | | |
| **Gross deferred tax liabilities** | | | | | |
| Unremitted foreign interest income | **(74,710)** | (74,710) | (74,710) | **–** | – |
| Differences in depreciation of plant and equipment for tax purposes | **(1,680,073)** | (1,775,748) | (2,211,241) | **51,870** | 420,360 |
| Fair value of intangible assets | **(79,948)** | (139,910) | (134,313) | **59,962** | – |
| Liability component of convertible loans | **(114,578)** | (114,578) | (164,222) | **–** | 185,644 |
| | **(1,949,309)** | (2,104,946) | (2,584,486) | | |
| | **(1,949,309)** | (2,104,946) | (2,553,961) | | |
| Deferred tax credit (Note 8) | | | | **111,832** | 575,479 |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority. The amounts determined after appropriate offsetting are included in the consolidated balance sheet as follows:

| | Group | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| Net deferred tax liabilities | **(1,949,309)** | (2,104,946) | (2,553,961) |

| | Company Balance sheet | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| **Deferred tax liabilities** | | | |
| Differences in depreciation of plant and equipment for tax purposes | **(164,051)** | (164,051) | (164,053) |
| Liability component of convertible loans | **(114,578)** | (114,578) | (164,222) |
| Unremitted foreign interest income | **(74,710)** | (74,710) | (74,710) |
| | **(353,339)** | (353,339) | (402,985) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 27. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2019 No. of shares | 2019 $ | 2018 No. of shares | 2018 $ |
| **Issued and fully paid ordinary shares** | | | | |
| At 1 April | **907,971,182** | **77,653,368** | 879,168,182 | 75,637,158 |
| Issuance of ordinary shares upon new shares placement | **–** | **–** | 28,803,000 | 2,016,210 |
| At 31 March | **907,971,182** | **77,653,368** | 907,971,182 | 77,653,368 |

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

On 2 June 2017, the Company issued and allotted 28,803,000 placement shares at an issue price of $0.07 per placement share amounting to an aggregate of $2,016,210 for cash to provide funds for the expansion of the Group's water-related business. The newly issued shares ranks pari passu in all respects with the previously issued shares.

## 28. RESERVE

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2019 $ | 31.3.2018 Restated $ | 1.4.2017 Restated $ | 2019 $ | 31.3.2018 Restated $ | 1.4.2017 Restated $ |
| Gains on disposal to non-controlling interests | **34,944,540** | 34,951,514 | 34,951,514 | **–** | – | – |
| Foreign currency translation reserve | **84,678** | 318,624 | – | **–** | – | – |
| Equity component of convertible loans (Note 25) | **2,772,300** | 2,772,300 | 2,108,300 | **2,772,300** | 2,772,300 | 2,108,300 |
| Accumulated (losses)/profit | **(88,766,712)** | (61,582,210) | (4,787,535) | **(2,342,369)** | 2,733,660 | (353,881) |
| | **(50,965,194)** | (23,539,772) | 32,272,279 | **429,931** | 5,505,960 | 1,754,419 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**28. RESERVE** (CONTINUED)

**(a) Gains on disposal to non-controlling interests**

The gains on the disposal and deemed disposal of shares in a subsidiary represent the excess of the deemed considerations received from the respective parties against the share of the subsidiary's net assets disposed of.

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| At 1 April | **34,951,514** | 34,951,514 |
| Premium paid on acquisition of non-controlling interests (Note 11) | **(6,974)** | – |
| At 31 March | **34,944,540** | 34,951,514 |

**(b) Foreign currency translation reserve**

The foreign currency translation reserve account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency of Singapore Dollar and is non-distributable. Movement in this account is set out in the consolidated statement of changes in equity.

**29. COMMITMENTS**

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

The Group has entered into commercial leases for rental payable for premises and office equipment. Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2019** | **31.3.2018** | **1.4.2017** | **2019** | **31.3.2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Not later than one year | **1,163,792** | 1,352,496 | 1,500,831 | **–** | 188,885 | 182,877 |
| Later than one year but not later than five years | **2,363,318** | 3,250,857 | 3,863,629 | **–** | 1,592 | – |
| Later than five years | **–** | – | 332,789 | **–** | – | – |
| | **3,527,110** | 4,603,353 | 5,697,249 | **–** | 190,477 | 182,877 |

The above operating lease commitments are based on existing rental rates and have an average tenure of between 1 to 3 years (31.3.2018: 1 to 4 years; 1.4.2017: 1 to 5 years). The operating lease agreements provide for periodic revision of such rates in the future. There were no renewal options or arrangements entered for contingent rent payments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 29. COMMITMENTS (CONTINUED)

### (b) Operating lease commitments – as lessor

The Group has entered into commercial leases on its operating lease premises. Future minimum rentals receivable for premises under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | | |
|---|---|---|---|
| | 2019 | 31.3.2018 | 1.4.2017 |
| | $ | $ | $ |
| Not later than one year | – | 76,647 | 29,511 |

All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. There were no renewal options or arrangements entered for contingent rent payments.

## 30. RELATED PARTY TRANSACTIONS

### (a) Sales and purchase of services

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **With shareholders** | | | | |
| Loans from/(repayment to) shareholders | **5,714,100** | (500,000) | **5,714,100** | – |
| Advances from/(repayment to) shareholder | **1,315,418** | (119,257) | **1,300,000** | – |
| **With director** | | | | |
| Consultancy fees charged by a director | **162,240** | – | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Compensation of key management personnel

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Directors' fees | **190,000** | 170,793 | **190,000** | 150,793 |
| Short-term benefits | **977,189** | 1,704,202 | **450,000** | 906,818 |
| Contributions to the defined contribution plans | **63,933** | 97,432 | **21,360** | 32,520 |
| Total compensation paid to key management personnel | **1,231,122** | 1,972,427 | **661,360** | 1,090,131 |
| Comprise amounts paid to: | | | | |
| – Directors of the Company | **672,170** | 1,090,131 | **661,360** | 1,090,131 |
| – Directors of a subsidiary | **156,313** | 453,080 | **–** | – |
| – Other key management personnel | **402,639** | 429,216 | **–** | – |
| | **1,231,122** | 1,972,427 | **661,360** | 1,090,131 |

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

## 31. CONTINGENT LIABILITIES

**Corporate guarantees**

The Company has issued corporate guarantees for bank borrowings and finance lease payables of certain subsidiaries. These bank borrowings and finance lease payables amounted to $3,683,184 (31.3.2018: $6,290,944; 1.4.2017: $7,727,433) at the balance sheet date. The fair value of such financial guarantees is not expected to be material as the bank borrowings and finance lease payables are collateralised against certain assets of the Company and the respective subsidiaries as disclosed in Notes 22 and 24. Accordingly, the financial guarantees have not been recognised.

**Financial support**

As at the end of the financial year, the Company had given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the date of authorised financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

(i) Engineering business, which comprises:

a) Civil and Structural Engineering Services including soil investigations, treatment and stabilisation of soil; and

b) Specialist Engineering Services & Ground and Structural Engineering Services. Specialist Engineering Services comprise specialist geotechnical services, geotechnical instruments, design, consultancy and project management services and M2M products and services. Ground and Structural Engineering Services comprise micropiling, soil nail, retaining wall system, as well as design and build structural works including post tension, inspection, demolition and repair.

(ii) Water-related and environmental business, which comprises water treatment consultancy, manufacture of water treatment membranes and water quality monitoring;

(iii) Corporate business, which comprises Group-level corporate services and treasury functions.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SEGMENT INFORMATION (CONTINUED)

| 2019 | Engineering business $ | Water-related and environmental business $ | Corporate $ | Other $ | Adjustments $ | Per consolidated financial statements $ |
|---|---|---|---|---|---|---|
| **Continuing Revenue:** | | | | | | |
| Sales to external customers | 24,996,771 | 14,719,992 | – | 8,318 | – | 39,725,081 |
| Inter-segment sales | 861,831 | 906,061 | 1,080,000 | 78,762 | (2,926,654) | – |
| Total revenue | 25,858,602 | 15,626,053 | 1,080,000 | 87,080 | (2,926,654) | 39,725,081 |
| **Results:** | | | | | | |
| Segment results | (53,562) | (2,567,215) | (2,535,620) | (150,169) | – | (5,306,566) |
| Finance costs | (385,726) | (1,330,070) | (1,726,736) | – | – | (3,442,532) |
| Interest income | 5,731 | 997 | 5,047 | – | – | 11,775 |
| Share of results of associate | – | (33) | – | – | – | (33) |
| Loss before taxation | (433,557) | (3,896,321) | (4,257,309) | (150,169) | – | (8,737,356) |
| Income tax credit | | | | | | 233,769 |
| Loss for the year | | | | | | (8,503,587) |
| **Discontinued operation** | | | | | | |
| **Revenue:** | | | | | | |
| Sales to external customers | 6,382,028 | – | – | – | – | 6,382,028 |
| Inter-segment sales | – | – | – | – | – | – |
| Total revenue | 6,382,028 | – | – | – | – | 6,382,028 |
| **Results:** | | | | | | |
| Segment results | (18,453,468) | – | – | – | – | (18,453,468) |
| Finance costs | (355,841) | – | – | – | – | (355,841) |
| Interest income | 1,497 | – | – | – | – | 1,497 |
| Loss before taxation | (18,807,812) | – | – | – | – | (18,807,812) |
| Income tax expense | | | | | | (15,802) |
| Loss for the year | | | | | | (18,823,614) |

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

* Inter-segment revenues are eliminated on consolidation

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SEGMENT INFORMATION (CONTINUED)

| 2019 (Continued) | Engineering business $ | Water-related and environmental business $ | Corporate $ | Other $ | Adjustments $ | Per consolidated financial statements $ |
|---|---|---|---|---|---|---|
| **Continuing** | | | | | | |
| **Significant non-cash items:** | | | | | | |
| Depreciation and amortisation expenses | 1,174,221 | 1,616,369 | 37,858 | 121,126 | – | 2,949,574 |
| Fair value loss on investment securities | – | – | 879,903 | – | – | 879,903 |
| Provision for onerous contracts | 29,484 | – | – | – | – | 29,484 |
| Impairment loss on plant and machinery | – | 6,047 | – | – | – | 6,047 |
| Impairment loss on trade and other receivables | 8,613 | 600,961 | – | – | – | 609,574 |
| Write down of inventories | – | 9,268 | – | – | – | 9,268 |
| Reversal of inventories written down | – | (234,689) | – | – | – | (234,689) |
| **Discontinued operation** | | | | | | |
| **Significant non-cash items:** | | | | | | |
| Depreciation | 1,566,532 | – | – | – | – | 1,566,532 |
| Provision for onerous contracts | 1,190,750 | – | – | – | – | 1,190,750 |
| Impairment loss on plant and machinery | 7,572,115 | – | – | – | – | 7,572,115 |
| Impairment loss on trade receivables | 55,349 | – | – | – | – | 55,349 |
| **Capital expenditure:** | | | | | | |
| Plant and equipment | 1,555,661 | 578,457 | – | 746 | – | 2,134,864 |
| Assets | 29,056,715 | 51,694,053 | 26,164,256 | 953,313 | – | 107,868,337 |
| Liabilities | 22,785,791 | 41,179,533 | 16,921,701 | 91,636 | – | 80,978,661 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SEGMENT INFORMATION (CONTINUED)

| 2018 Restated | Engineering business $ | Water-related and environmental business $ | Marble Resources business (Discontinued operation) $ | Corporate $ | Other $ | Adjustments $ | Per consolidated financial statements $ |
|---|---|---|---|---|---|---|---|
| **Continuing** | | | | | | | |
| **Revenue:** | | | | | | | |
| Sales to external customers | 32,780,220 | 15,049,316 | – | – | 25,358 | – | 47,854,894 |
| Inter-segment sales | 910,506 | 1,007,726 | – | 1,080,000 | 78,576 | (3,076,808)* | – |
| Total revenue | 33,690,726 | 16,057,042 | – | 1,080,000 | 103,934 | (3,076,808)* | 47,854,894 |
| **Results:** | | | | | | | |
| Segment results | 23,891 | (7,658,057) | – | 2,227,139 | 97,289 | – | (5,309,738) |
| Finance costs | (247,600) | (1,004,983) | – | (2,486,802) | – | – | (3,739,385) |
| Interest income | 6,572 | 2,596 | – | 11,669 | – | – | 20,837 |
| Share of results of associate | – | (309) | – | – | – | – | (309) |
| (Loss)/profit before taxation | (217,137) | (8,660,753) | – | (247,994) | 97,289 | – | (9,028,595) |
| Income tax credit | | | | | | | 530,094 |
| Loss for the year | | | | | | | (8,498,501) |
| **Discontinued operation** | | | | | | | |
| **Revenue:** | | | | | | | |
| Sales to external customers | 17,087,259 | – | 882,881 | – | – | – | 17,970,140 |
| Inter-segment sales | – | – | 108,887 | – | – | (108,887)* | – |
| Total revenue | 17,087,259 | – | 991,768 | – | – | (108,887)* | 17,970,140 |
| **Results:** | | | | | | | |
| Segment results | (1,933,865) | – | (1,714,992) | – | – | – | (3,648,857) |
| Finance costs | (168,114) | – | (4,079) | – | – | – | (172,193) |
| Interest income | 1,481 | – | – | – | – | – | 1,481 |
| Loss before taxation | (2,100,498) | – | (1,719,071) | – | – | – | (3,819,569) |
| Income tax expense | | | | | | | (42,139) |
| Loss for the year | | | | | | | (3,861,708) |

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

* Inter-segment revenues are eliminated on consolidation

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SEGMENT INFORMATION (CONTINUED)

| 2018 (Continued) | Engineering business $ | Water-related and environmental business $ | Marble Resources business (Discontinued operation) $ | Corporate $ | Other $ | Adjustments $ | Per consolidated financial statements $ |
|---|---|---|---|---|---|---|---|
| **Continuing Significant non-cash items:** | | | | | | | |
| Depreciation and amortisation expenses | 1,271,798 | 1,742,935 | – | 36,912 | 119,207 | – | 3,170,852 |
| Fair value loss on investment securities | – | – | – | 5,909,699 | – | – | 5,909,699 |
| Provision for onerous contracts | 118,067 | – | – | – | – | – | 118,067 |
| Impairment loss on plant and equipment | – | 1,201,765 | – | – | – | – | 1,201,765 |
| Impairment losses on trade receivables | – | 186,208 | – | – | – | – | 186,208 |
| Write down of inventories | – | 1,652,325 | – | – | – | – | 1,652,325 |
| **Discontinued operation Significant non-cash items:** | | | | | | | |
| Depreciation and amortisation expenses | 1,586,329 | – | 69,723 | – | – | – | 1,656,052 |
| Gain on disposal of investment in subsidiary | – | – | 11,134,548 | – | – | – | 11,134,548 |
| **Capital expenditure:** | | | | | | | |
| Plant and equipment | 106,116 | 543,830 | – | – | 1,933 | – | 651,879 |
| Assets | 45,121,070 | 51,494,453 | – | 29,888,650 | 1,066,985 | – | 127,571,158 |
| Liabilities | 21,702,031 | 39,630,187 | – | 11,586,779 | 160,129 | – | 73,079,126 |
| **1.4.2017** | | | | | | | |
| **Asset and liabilities:** | | | | | | | |
| Assets | 79,088,897 | 44,980,558 | 29,932,555 | 12,426,846 | 1,209,014 | – | 167,637,870 |
| Liabilities | 25,839,541 | 37,739,388 | 12,509,464 | 19,982,963 | 278,745 | – | 96,350,101 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 32. SEGMENT INFORMATION (CONTINUED)

### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

| | Revenue | | Non-current assets | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** | **1.4.2017** |
| | **$** | **$** | **$** | **$** | **$** |
| Singapore | **34,448,864** | 52,768,420 | **12,785,874** | 21,968,248 | 41,405,552 |
| People's Republic of China | **11,658,245** | 12,950,071 | **32,019,085** | 34,138,546 | 35,627,985 |
| Malaysia | **–** | 106,543 | **–** | – | 3,113,778 |
| Discontinued operation | **(6,382,028)** | (17,970,140) | **(5,121,992)** | – | (20,260,193) |
| | **39,725,081** | 47,854,894 | **39,682,967** | 56,106,794 | 59,887,122 |

Non-current assets consist of property, plant and equipment, land use rights, mining rights, intangible assets as presented in the balance sheet of the Group.

### Information about a major customer

Revenue from one (2018: one) major customer amounted to $13,787,941 (2018: $23,318,186) and arose from construction and geotechnical services rendered within the engineering business segment.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the Group's short-term deposits, loan from shareholders, finance lease payables, convertible loan and bank borrowings.

The Group's policy is to manage interest cost by maintaining an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Interest rate risk (Continued)

**Sensitivity analysis for interest rate risk**

At the end of the reporting period, if interest rates had been 100 (2018: 100) basis points higher/lower with all other variables held constant, the Group's loss net of tax would have been $348,000 higher (2018: $337,000 higher), arising mainly as a result of higher/lower interest income on cash and short-term deposits and higher/lower interest expenses on floating rate loans and borrowings.

### (b) Foreign currency risk

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

Currency risk arises within entities in the Group and the Company mainly from transactions and balances denominated in United States dollar ("USD") and New Zealand dollar ("NZD"). Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

As at the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies other than the respective entity's functional currency are disclosed in the respective notes to the financial statements. The Group and the Company have not entered into any currency forward exchange contracts during the financial year.

**Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity to a reasonably possible change in the USD against the functional currencies of the Group's entities with all other variables held constant, on the Group's loss before tax:

| | Increase/(decrease) | |
|---|---|---|
| | **2019** | **2018** |
| | **Loss before tax** | **Loss before tax** |
| | **$** | **$** |
| **Group** | | |
| USD against SGD | | |
| – Strengthened 5% (2018: 5%) | **11,652** | 9,296 |
| – Weakened 5% (2018: 5%) | **(11,652)** | (9,296) |
| NZD against SGD | | |
| – Strengthened 5% (2018: 5%) | **140,681** | – |
| – Weakened 5% (2018: 5%) | **(140,681)** | – |

The potential impact of foreign exchange rate fluctuation on profit or loss of the Group as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations on the Group's exposure on non-reporting currency receivables and payables as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, 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.

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

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

(i) Debt securities at amortised cost, debt securities at fair value through other comprehensive income and loans at amortised cost

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

The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

(ii) Financial assets at amortised cost

The loss allowance provision for financial assets at amortised cost as at 31 March 2019 reconciles to the opening loss allowance for that provision as follows:

| | Group Financial assets at amortised cost $ |
|---|---|
| As at 1 April 2018 | 1,442,108 |
| Loss allowance measured at: | |
| Lifetime ECL | |
| – Trade amounts (Simplified approach) | 437,559 |
| As at 31 March 2019 | **1,879,667** |

The gross carrying amount of financial assets at amortised cost is as follows:

| **Group** | | **31 March 2019** $ |
|---|---|---|
| 12-month ECL | Financial assets at amortised cost | **8,916,412** |
| Lifetime ECL | Financial assets at amortised cost | **11,524,310** |
| **Total** | | **20,440,722** |

The gross carrying amount of trade receivables and contract assets of the Group are disclosed in Note 16 and 4.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (CONTINUED)

**(c) Credit risk** (Continued)

(iii) Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 March 2019 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

Summarised below is the information about the credit risk exposure on the Group's trade-related balances using provision matrix, grouped by geographical region:

Singapore:

| | Contract assets | Current | 31-60 days | 61-90 days | >90 days | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Gross carrying amount | 28,818,789 | 2,598,741 | 112,308 | 55,578 | 139,645 | 31,725,061 |
| Loss allowance provision | 147,551 | – | – | – | 46,598 | 194,149 |

Other geographical areas:

| | Contract assets | Current | 31-60 days | 61-90 days | >90 days | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Gross carrying amount | 3,560,890 | 5,412,747 | 132,612 | 963,482 | 2,109,197 | 12,178,928 |
| Loss allowance provision | – | – | – | – | 1,833,069 | 1,833,069 |

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. The Group does not apply hedge accounting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

(iii) Trade receivables and contract assets (Continued)

Exposure to credit risk

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of $3,683,184 (31.3.2018: $6,290,944; 1.4.2017: $7,727,433) relating to a corporate guarantee provided by the Group to the banks on subsidiaries' bank loans.

Credit risk concentration profile

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

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 31.3.2018 | | 1.4.2017 | |
| | $ | % of | $ | % of | $ | % of |
| **By country:** | | | | | | |
| Singapore | **2,877,962** | **30** | 4,028,762 | 44 | 3,662,631 | 56 |
| People's Republic of China | **6,386,992** | **66** | 4,836,720 | 52 | 2,622,789 | 39 |
| Malaysia | **179,644** | **2** | 23,212 | 1 | 14,121 | 1 |
| Others | **200,045** | **2** | 293,486 | 3 | 287,433 | 4 |
| | **9,644,643** | **100** | 9,182,180 | 100 | 6,586,974 | 100 |
| **By industry sector:** | | | | | | |
| Engineering business | **2,762,068** | **29** | 3,887,642 | 42 | 3,681,674 | 56 |
| Water-related and environmental business | **6,882,575** | **71** | 5,294,538 | 58 | 2,905,300 | 44 |
| | **9,644,643** | **100** | 9,182,180 | 100 | 6,586,974 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

(iii) Trade receivables and contract assets (Continued)

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. Cash and short-term deposits that are neither past due nor impaired are placed with reputable commercial banks and financial institutions which are regulated in Singapore and PRC and has no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

### (d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and by matching the payment and receipt cycle.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and short-term deposits to meet their working capital requirements.

The following table details the Group's and Company's remaining contractual maturity for the financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity risk (Continued)

| | One year or less $ | One to five years $ | Over five years $ | Total $ |
|---|---|---|---|---|
| **Group** | | | | |
| **2019** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables[1] | **12,944,706** | **–** | **–** | **12,944,706** |
| Cash and short-term deposits | **5,616,349** | **–** | **–** | **5,616,349** |
| Total undiscounted financial assets | **18,561,055** | **–** | **–** | **18,561,055** |
| **Financial liabilities** | | | | |
| Trade and other payables[2] | **26,282,159** | **–** | **–** | **26,282,159** |
| Convertible loans | **4,000,000** | **–** | **–** | **4,000,000** |
| Bank borrowings | **22,347,725** | **232,577** | **168,620** | **22,748,922** |
| Finance lease payables | **249,992** | **72,951** | **–** | **322,943** |
| Loans from shareholders | **8,847,510** | **1,000,000** | **–** | **9,847,510** |
| Total undiscounted financial liabilities | **61,727,386** | **1,305,528** | **168,620** | **63,201,534** |
| Total net undiscounted financial liabilities | **(43,166,331)** | **(1,305,528)** | **(168,620)** | **(44,640,479)** |
| **2018** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables[1] | 12,542,441 | – | – | 12,542,441 |
| Cash and short-term deposits | 8,149,454 | – | – | 8,149,454 |
| Total undiscounted financial assets | 20,691,895 | – | – | 20,691,895 |
| **Financial liabilities** | | | | |
| Trade and other payables[2] | 31,518,020 | – | – | 31,518,020 |
| Convertible loans | – | 4,000,000 | – | 4,000,000 |
| Bank borrowings | 22,674,736 | 242,017 | 225,266 | 23,142,019 |
| Finance lease payables | 1,637,865 | 976,885 | 4,934 | 2,619,684 |
| Loans from shareholders | 4,173,613 | – | – | 4,173,613 |
| Total undiscounted financial liabilities | 60,004,234 | 5,218,902 | 230,200 | 65,453,336 |
| Total net undiscounted financial liabilities | (39,312,339) | (5,218,902) | (230,200) | (44,761,441) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity risk (Continued)

| | One year or less $ | One to five years $ | Over five Years $ | Total $ |
|---|---|---|---|---|
| **Group** | | | | |
| **1.4.2017** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables(1) | 9,929,703 | – | – | 9,929,703 |
| Cash and short-term deposits | 9,054,258 | – | – | 9,054,258 |
| Total undiscounted financial assets | 18,983,961 | – | – | 18,983,961 |
| **Financial liabilities** | | | | |
| Trade and other payables(2) | 35,940,811 | – | – | 35,940,811 |
| Convertible loans | 11,000,000 | – | – | 11,000,000 |
| Bank borrowings | 19,698,388 | 1,192,977 | 225,266 | 21,116,631 |
| Finance lease payables | 3,221,837 | 2,316,619 | 4,933 | 5,543,389 |
| Loans from shareholders | 4,831,270 | – | – | 4,831,270 |
| Total undiscounted financial liabilities | 74,692,306 | 3,509,596 | 230,199 | 78,432,101 |
| Total net undiscounted financial liabilities | (55,708,345) | (3,509,596) | (230,199) | (59,448,140) |
| **Company** | | | | |
| **2019** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables(1) | **27,652,200** | **–** | **–** | **27,652,200** |
| Cash and short-term deposits | **110,742** | **–** | **–** | **110,742** |
| Total undiscounted financial assets | **27,762,942** | **–** | **–** | **27,762,942** |
| **Financial liabilities** | | | | |
| Trade and other payables(2) | **7,039,702** | **–** | **–** | **7,039,702** |
| Convertible loans | **4,000,000** | **–** | **–** | **4,000,000** |
| Bank borrowings | **1,522,328** | **232,577** | **168,620** | **1,923,525** |
| Loans from shareholders | **8,847,510** | **1,000,000** | **–** | **9,847,510** |
| Total undiscounted financial liabilities | **21,409,540** | **1,232,577** | **168,620** | **22,810,737** |
| Total net undiscounted financial assets/(liabilities) | **6,353,402** | **(1,232,577)** | **(168,620)** | **4,952,205** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity risk (Continued)

| | One year or less $ | One to five years $ | Over five Years $ | Total $ |
|---|---|---|---|---|
| **Company** | | | | |
| **2018** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables[1] | 23,582,577 | – | – | 23,582,577 |
| Cash and short-term deposits | 1,935,984 | – | – | 1,935,984 |
| Total undiscounted financial assets | 25,518,561 | – | – | 25,518,561 |
| **Financial liabilities** | | | | |
| Trade and other payables[2] | 5,523,068 | – | – | 5,523,068 |
| Convertible loans | – | 4,000,000 | – | 4,000,000 |
| Bank borrowings | 4,183,876 | 182,648 | 225,266 | 4,591,790 |
| Loan from shareholders | 2,563,600 | – | – | 2,563,600 |
| Total undiscounted financial liabilities | 12,270,544 | 4,182,648 | 225,266 | 16,678,458 |
| Total net undiscounted financial assets/(liabilities) | 13,248,017 | (4,182,648) | (225,266) | 8,840,103 |
| **Company** | | | | |
| **1.4.2017** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables[1] | 19,891,071 | – | – | 19,891,071 |
| Cash and short-term deposits | 2,532,447 | – | – | 2,532,447 |
| Total undiscounted financial assets | 22,423,518 | – | – | 22,423,518 |
| **Financial liabilities** | | | | |
| Trade and other payables[2] | 4,997,075 | – | – | 4,997,075 |
| Convertible loans | 11,000,000 | – | – | 11,000,000 |
| Bank borrowings | 4,706,113 | 1,102,978 | 225,266 | 6,034,357 |
| Loans from shareholders | 3,302,000 | – | – | 3,302,000 |
| Total undiscounted financial liabilities | 24,005,188 | 1,102,978 | 225,266 | 25,333,432 |
| Total net undiscounted financial liabilities | (1,581,670) | (1,102,978) | (225,266) | (2,909,914) |

(1) Exclude VAT/GST refundable
(2) Exclude advances from customers and GST payable

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity risk (Continued)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

| | One year or less $ | One to five years $ | Total $ |
|---|---|---|---|
| **Company** | | | |
| **2019** | | | |
| Financial guarantees provided to subsidiaries | **3,683,184** | **–** | **3,683,184** |
| **2018** | | | |
| Financial guarantees provided to subsidiaries | 6,290,944 | – | 6,290,944 |
| **1.4.2017** | | | |
| Financial guarantees provided to subsidiaries | 7,727,433 | – | 7,727,433 |

## 34. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (b) Assets and liabilities measured at fair value

| | Note | Fair value measurements using Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Group** | | | | | |
| **2019** | | | | | |
| **Assets** | | | | | |
| Investment securities | 18 | **930,184** | **–** | **–** | **930,184** |
| **2018** | | | | | |
| **Assets** | | | | | |
| Investment securities | 18 | 1,810,087 | – | – | 1,810,087 |
| **1.4.2017** | | | | | |
| **Liabilities** | | | | | |
| Derivative component of convertible loans | 25 | – | – | 14,000 | 14,000 |

### (c) Level 3 fair value measurements

| | Derivative component of convertible loans |
|---|---|
| | $ |
| **Group/Company** | |
| **2018** | |
| At 1 April | 14,000 |
| *Included in profit or loss:* | |
| Convertible loan interest | (14,000) |
| At 31 March | – |
| **1.4.2017** | |
| At 1 April | 104,000 |
| *Included in profit or loss:* | |
| Convertible loan interest | (90,000) |
| At 31 March | 14,000 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) Level 3 fair value measurements (Continued)

Valuation policies and procedures

The Group's Financial Controller ("FC") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation model and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The FC is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the FC reviews the appropriateness of the valuation methodologies and assumptions adopted. The FC also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant unobservable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated by the FC for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 35. FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is the carrying amount of each of the categories of the Group's and the Company's financial instruments that are carried in the financial statements:

| Group | Loans and receivables | Liabilities at amortised cost | Financial assets/ liabilities at fair value through profit or loss | Total |
|---|---|---|---|---|
| **2019** | **$** | **$** | **$** | **$** |
| **Assets** | | | | |
| Trade and other receivables[1] | **12,944,706** | **–** | **–** | **12,944,706** |
| Cash and short-term deposits | **5,616,349** | **–** | **–** | **5,616,349** |
| Investment securities | **–** | **–** | **930,184** | **930,184** |
| | **18,561,055** | **–** | **930,184** | **19,491,239** |
| **Liabilities** | | | | |
| Trade and other payables[2] | **–** | **26,282,159** | **–** | **26,282,159** |
| Liability component of convertible loans | **–** | **3,900,000** | **–** | **3,900,000** |
| Bank borrowings | **–** | **21,830,232** | **–** | **21,830,232** |
| Finance lease payables | **–** | **309,989** | **–** | **309,989** |
| Loans from shareholders | **–** | **9,505,273** | **–** | **9,505,273** |
| | **–** | **61,827,653** | **–** | **61,827,653** |
| **2018** | | | | |
| **Assets** | | | | |
| Trade and other receivables[1] | 12,542,441 | – | – | 12,542,441 |
| Cash and short-term deposits | 8,149,454 | – | – | 8,149,454 |
| Investment securities | – | – | 1,810,087 | 1,810,087 |
| | 20,691,895 | – | 1,810,087 | 22,501,982 |
| **Liabilities** | | | | |
| Trade and other payables[2] | – | 31,518,020 | – | 31,518,020 |
| Liability component of convertible loans | – | 3,326,014 | – | 3,326,014 |
| Bank borrowings | – | 22,318,793 | – | 22,318,793 |
| Finance lease payables | – | 2,514,811 | – | 2,514,811 |
| Loans from shareholders | – | 3,930,013 | – | 3,930,013 |
| | – | 63,607,651 | – | 63,607,651 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

| Group<br>1.4.2017 | Loans and receivables<br>$ | Liabilities at amortised cost<br>$ | Financial assets/ liabilities at fair value through profit or loss<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade and other receivables(1) | 9,929,703 | – | – | 9,929,703 |
| Cash and short-term deposits | 9,054,258 | – | – | 9,054,258 |
| | 18,983,961 | – | – | 18,983,961 |
| **Liabilities** | | | | |
| Trade and other payables(2) | – | 35,940,811 | – | 35,940,811 |
| Derivative and liability component of convertible loans | – | 9,033,895 | 14,000 | 9,047,895 |
| Bank borrowings | – | 21,013,554 | – | 21,013,554 |
| Finance lease payables | – | 5,299,393 | – | 5,299,393 |
| Loans from shareholders | – | 4,549,270 | – | 4,549,270 |
| | – | 75,836,923 | 14,000 | 75,850,923 |
| **Company** | | | | |
| **2019** | | | | |
| Trade and other receivables(1) | **27,652,200** | **-** | **-** | **27,652,200** |
| Cash and short-term deposits | **110,742** | **-** | **-** | **110,742** |
| Investment securities | **-** | **-** | **930,184** | **930,184** |
| | **27,762,942** | **-** | **930,184** | **28,693,126** |
| **Liabilities** | | | | |
| Trade and other payables(2) | **-** | **7,039,702** | **-** | **7,039,702** |
| Liability component of convertible loans | **-** | **3,900,000** | **-** | **3,900,000** |
| Bank borrowings | **-** | **1,800,286** | **-** | **1,800,286** |
| Loans from shareholders | **-** | **9,387,500** | **-** | **9,387,500** |
| | **-** | **22,127,488** | **-** | **22,127,488** |

(1) Exclude VAT refundable
(2) Exclude advances from customers and GST payable

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

| Company 2018 | Loans and receivables $ | Liabilities at amortised cost $ | Financial assets/ liabilities at fair value through profit or loss $ | Total $ |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade and other receivables[1] | 23,582,577 | – | – | 23,582,577 |
| Cash and short-term deposits | 1,935,984 | – | – | 1,935,984 |
| Investment securities | – | – | 1,810,087 | 1,810,087 |
| | 25,518,561 | – | 1,810,087 | 27,328,648 |
| **Liabilities** | | | | |
| Trade and other payables[2] | – | 5,523,068 | – | 5,523,068 |
| Liability component of convertible loans | – | 3,326,014 | – | 3,326,014 |
| Bank borrowings | – | 4,455,410 | – | 4,455,410 |
| Loans from shareholders | – | 2,320,000 | – | 2,320,000 |
| | – | 15,624,492 | – | 15,624,492 |
| **1.4.2017** | | | | |
| Trade and other receivables[1] | 19,891,071 | – | – | 19,891,071 |
| Cash and short-term deposits | 2,532,447 | – | – | 2,532,447 |
| | 22,423,518 | – | – | 22,423,518 |
| **Liabilities** | | | | |
| Trade and other payables[2] | – | 4,997,075 | – | 4,997,075 |
| Derivative and liability component of convertible loans | – | 9,033,895 | 14,000 | 9,047,895 |
| Bank borrowings | – | 5,937,946 | – | 5,937,946 |
| Loans from shareholders | – | 3,020,000 | – | 3,020,000 |
| | – | 22,988,916 | 14,000 | 23,002,916 |

(1) Exclude VAT/GST refundable
(2) Exclude advances from customers and GST payable

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 36. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2019 and 2018.

The Group monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings, finance lease payables, convertible loans and trade and other payables, less cash and short-term deposits. Total capital is calculated as total equity plus net debt.

The Group monitors its capital structure as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | **$** | **$** | **$** |
| Trade and other payables | **27,387,611** | 33,645,462 | **7,042,156** | 5,523,068 |
| Bank borrowings | **21,830,232** | 22,318,793 | **1,800,286** | 4,455,410 |
| Finance lease payables | **309,989** | 2,514,811 | **–** | – |
| Liability components of convertible loans | **3,900,000** | 3,326,014 | **3,900,000** | 3,326,014 |
| Less: Cash and short-term deposits | **(5,616,349)** | (8,149,454) | **(110,742)** | (1,935,984) |
| Net debt | **47,811,483** | 53,655,626 | **12,631,700** | 11,368,508 |
| Total equity | **26,889,676** | 54,492,032 | **78,083,299** | 83,159,328 |
| Total capital | **74,701,159** | 108,147,658 | **90,714,999** | 94,527,836 |
| Gearing ratio | **64.0%** | 49.6% | **13.9%** | 12.0% |

In order to maintain their status with local regulatory authorities in the construction industry, certain subsidiaries of the Group are required to maintain a minimum paid up capital and minimum net worth respectively.

Certain banking facilities granted to certain subsidiaries and the Company require the Group and/or these entities to adhere to certain capital requirements. They are required to maintain certain net worth or gearing ratios in excess of specific financial thresholds.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2019 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

## 37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 21 May 2019, the Company completed the disposal of one of its wholly-owned subsidiary, Presscrete Engineering Pte Ltd, which has been classified as discontinued operation (Note 20) as at 31 March 2019.

## 38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 3 July 2019.

# STATISTICS OF SHAREHOLDINGS

AS AT 21 JUNE 2019

## SHARE CAPITAL

| | | |
|---|---|---|
| Issued and Fully Paid-up Ordinary Share Capital | : | 77,542,052.07 |
| Class of Ordinary Shares | : | Ordinary Shares |
| Number of Ordinary Shares | : | 907,971,182 |
| Number of Treasury Shares | : | Nil |
| Number of Subsidiary Shares | : | Nil |
| Voting Rights | : | 1 vote per Ordinary Share |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 244 | 16.74 | 4,105 | 0.00 |
| 100 – 1,000 | 19 | 1.30 | 6,668 | 0.00 |
| 1,001 – 10,000 | 205 | 14.06 | 1,015,836 | 0.11 |
| 10,001 – 1,000,000 | 912 | 62.55 | 117,000,522 | 12.89 |
| 1,000,001 AND ABOVE | 78 | 5.35 | 789,944,051 | 87.00 |
| **TOTAL** | **1,458** | **100.00** | **907,971,182** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | WANG XIAONING | 120,673,628 | 13.29 |
| 2 | ADONIS INVESTMENT HOLDINGS PTE LTD | 69,317,985 | 7.63 |
| 3 | LEE SUI HEE | 68,710,612 | 7.57 |
| 4 | RHB SECURITIES SINGAPORE PTE. LTD. | 62,992,200 | 6.94 |
| 5 | CAI JUNGANG | 62,301,805 | 6.86 |
| 6 | LOH CHANG KAAN | 41,704,114 | 4.59 |
| 7 | PHILLIP SECURITIES PTE LTD | 40,383,256 | 4.45 |
| 8 | DBS NOMINEES (PRIVATE) LIMITED | 40,172,876 | 4.42 |
| 9 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 34,275,016 | 3.77 |
| 10 | OCBC SECURITIES PRIVATE LIMITED | 26,958,672 | 2.97 |
| 11 | UOB KAY HIAN PRIVATE LIMITED | 26,804,916 | 2.95 |
| 12 | GOH LAI PENG | 9,284,700 | 1.02 |
| 13 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 8,770,039 | 0.97 |
| 14 | ONG GIM LOO | 7,500,000 | 0.83 |
| 15 | ANG POON BENG | 6,083,500 | 0.67 |
| 16 | TAN GUAN HONG | 6,026,126 | 0.66 |
| 17 | SEAH KEE KHOO | 5,800,000 | 0.64 |
| 18 | LIM KOK HWA | 5,600,000 | 0.62 |
| 19 | WEE KHOON KIANG | 5,380,000 | 0.59 |
| 20 | CITIBANK NOMINEES SINGAPORE PTE LTD | 5,000,000 | 0.55 |
| | **TOTAL** | **653,739,445** | **71.99** |

# STATISTICS OF SHAREHOLDINGS

AS AT 21 JUNE 2019

## SUBSTANTIAL SHAREHOLDERS

| NO. | NAME OF SUBSTANTIAL SHAREHOLDER | DIRECT INTEREST | % | DEEMED INTEREST | % |
|---|---|---|---|---|---|
| 1 | Wang Xiaoning | 120,673,628 | 13.29 | – | – |
| 2 | Cai Jungang | 62,301,805 | 6.86 | 100,000.00[(1)] | 0.01 |
| 3 | Lee Sui Hee | 68,710,612 | 7.57 | – | – |
| 4 | Adonis Investment Holdings Pte Ltd | 69,317,985 | 7.63 | – | – |

(1) Pursuant to Section 7 of the Singapore Companies Act, Dr Cai Jungang is deemed to have an interest in the performance share awards and shares of the Company held by his spouse, Ms Bi Xiling.

Based on the information available to the Company as at 21 June 2019, approximately 59.70 % of the ordinary issued shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual (Section B: Rule of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 10th Annual General Meeting of the Company will be held at 31 Changi South Avenue 2, Singapore 486478 on Monday, 29 July 2019 at 10.30 a.m for the purpose of considering and, if thought fit, passing with or without modifications, the following Resolutions:

**Ordinary Business**

**AS ORDINARY RESOLUTIONS**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2019 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$190,000 for the financial year ended 31 March 2019 (FY2018: S$150,793). ***(See Explanatory Notes)*** **Resolution 2**

3. To re-elect Dr Loh Chang Kaan retiring pursuant to Article 99 of the Constitution of the Company. ***(See Explanatory Notes)*** **Resolution 3**

4. To re-elect Prof Yong Kwet Yew retiring pursuant to Article 99 of the Constitution of the Company. ***(See Explanatory Notes)*** **Resolution 4**

5. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

**Special Business**

**AS ORDINARY RESOLUTIONS**

6. **General Authority to Allot and Issue Shares** **Resolution 6**

That, pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806(2) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Rules of Catalist**"), authority be and is hereby given to the Directors to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or;

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided always that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), provided that the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company;

(2) (subject to such manner of calculation as may be prescribed by the Rules of Catalist), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution, after adjusting for:

    (a) new Shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

    (b) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Memorandum and Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. ***(See Explanatory Notes)***

# NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to Issue Shares under the Tritech Group Employee Share Option Scheme** **Resolution 7**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to offer and grant options under the Tritech Group Employee Share Option Scheme (the "**Scheme**") and to issue from time to time such number of ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary Shares to be issued pursuant to the Scheme and the Plan (as defined below) collectively shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. ***(See Explanatory Notes)***

8. **Authority to Issue Shares under the Tritech Group Performance Share Plan** **Resolution 8**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to offer and grant awards under the Tritech Group Performance Share Plan (the "**Plan**") and to issue from time to time such number of Shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the exercise of awards granted by the Company under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary Shares to be issued pursuant to the Scheme and the Plan collectively shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. ***(See Explanatory Notes)***

9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Lee Pih Peng
Company Secretary

Singapore, 12 July 2019

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

1. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified).

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of the Company.

3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or under the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 31 Changi South Avenue 2, Singapore 486478 not less than forty-eight (48) hours before the time for holding the forthcoming Annual General Meeting of the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**Explanatory Notes on Ordinary Business to be transacted:**

**Resolution 2**

The amount of directors' fees proposed for FY2019 includes the director's fee proposed to be paid to our non-executive director, Dr Loh Chang Kaan, as further elaborated in pages 42 to 45 of the Annual Report for FY2019.

**Resolution 3**

Dr Loh Chang Kaan will, upon re-appointment as a Director of the Company, remain as the non-executive Director of the Company and a member of the Audit Committee, Nominating Committee and Remuneration Committee.

**Resolution 4**

Prof. Yong Kwet Yew will, upon re-appointment as a Director of the Company remain as the Non-Executive Chairman and Independent Director of the Company, a member of the Audit Committee and Chairman of the Nominating Committee and Remuneration Committee. The Board considers Prof. Yong Kwet Yew to be independent for the purpose of Rule 704(7) of the Catalist Rules.

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Note on Special Business to be transacted:**

**Resolution 6**

The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting of the Company until the next Annual General Meeting of the Company, to allot and issue Shares and convertible securities in the Company, without seeking any further approval from Shareholders in a general meeting but within the limitation imposed by Ordinary Resolution 6, for such purposes as the Directors may consider would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under Ordinary Resolution 6 would not exceed one hundred per cent. (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) at the time of the passing of Ordinary Resolution 6. For issue of Shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent. (50%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) at the time of the passing of Ordinary Resolution 6.

The one hundred per cent. (100%) limit and the fifty per cent. (50%) limit will be calculated based on the Company's issued share capital at the time of the passing of Ordinary Resolution 6, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares.

**Resolution 7**

The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme (when added with Shares issued by the Company pursuant to the exercise of awards granted or to be granted under the Plan) up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.

**Resolution 8**

The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares issued by the Company pursuant to the exercise of awards granted or to be granted under the Plan (when added with Shares issued by the Company pursuant to the exercise of options granted or to be granted under the Scheme) up to a number not exceeding in total (for the entire duration of the Plan) fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.

## TRITECH GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200809330R)

**PROXY FORM**
**ANNUAL GENERAL MEETING**
*(Please see notes overleaf before completing this Form)*

**IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We, ______________________________

of ______________________________

being a member/members of Tritech Group Limited (the "Company"), hereby appoint:

| **Name** | **NRIC/Passport Number** | **Proportion of my/our Shareholdings (%)** | |
|---|---|---|---|
| | | **No. of shares** | **%** |
| **Address** | | | |

and/or (delete as appropriate)

| **Name** | **NRIC/Passport Number** | **Proportion of my/our Shareholdings (%)** | |
|---|---|---|---|
| | | **No. of shares** | **%** |
| **Address** | | | |

as my/our* proxy/proxies to vote for me/us*on my/our* behalf, at the Annual General Meeting of the Company ("**AGM**") to be held at 31 Changi South Avenue 2 Singapore 486478 on Monday, 29 July 2019 at 10.30 a.m. I/We* direct my/our proxy/proxies* to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matters arising at the AGM.

| **No.** | **Ordinary Resolutions relating to** | **For**** | **Against**** |
|---|---|---|---|
| Resolution 1 | Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2019 | | |
| Resolution 2 | Directors' fees of S$190,000 for the financial year ended 31 March 2019 (FY2018: S$150,793) | | |
| Resolution 3 | Re-election of Dr Loh Chang Kaan as Director of the Company | | |
| Resolution 4 | Re-election of Prof Yong Kwet Yew as Director of the Company | | |
| Resolution 5 | Re-appointment of Ernst & Young LLP as Auditors of the Company | | |
| Resolution 6 | General authority to allot and issue Shares | | |
| Resolution 7 | Authority to issue Shares under the Tritech Group Employee Share Option Scheme | | |
| Resolution 8 | Authority to issue Shares under the Tritech Group Performance Share Plan | | |

**Notes**
* Please delete accordingly.
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2019

| **Total No. of Shares** | **No. of Shares** |
|---|---|
| In CDP Register | |
| In Register of Members | |

______________________________
Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form will be deemed to relate to entire number of ordinary Shares in the Company registered in your name(s).

2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

5. The instrument appointing a proxy or proxies together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office of the Company at 31 Changi South Avenue 2 Singapore 486478, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

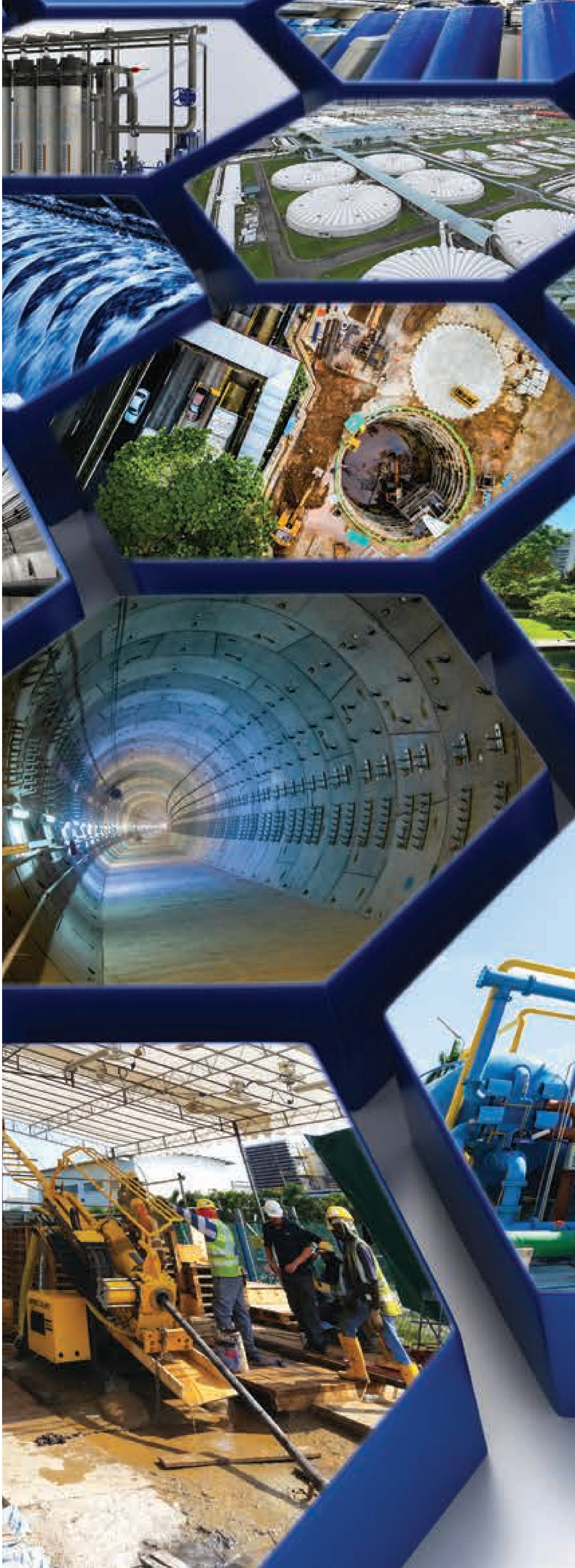
6. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or of his attorney duly authorised in writing; or if such appointor is a corporation under its common seal, if any, and; if none, then under the hand of some officer duly authorised in that behalf. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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