



Harnessing Strength Optimising Potential

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents in this annual report, including the accuracy, completeness, correctness of any of the information, statements made, reports contained or opinions expressed in this annual report.

The contract person for the Sponsor is: Mr Ng Joo Khin, Tel: (65) 6389 3000, Email: jookhin.ng@morganlewis.com

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Harnessing Strength
Optimising Potential



CORPORATE PROFILE

Listed on the Singapore Exchange Limited (“**SGX**”) in 2006, **Koh Brothers Eco Engineering Limited** (“**KBE**” or “**the Company**”, and together with its subsidiaries “**the Group**”) is a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for infrastructure, water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects.

Incorporated in Singapore in 1975, KBE started out by providing EPC services for water and wastewater treatment projects as well as hydro-engineering projects, before expanding into providing EPC services for bio-refinery and bio-energy projects. In 2016, we undertook the injection of the construction and civil engineering business, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., into the Group. This integration of synergistic businesses along the value chain has substantially increased our revenue and has aided the Group in the securing of important construction contracts.

The Singapore Building and Construction Authority (“**BCA**”) has awarded us a Class A1 Grading for Construction and Civil Engineering Projects and Grade ME11 L6 for Mechanical Engineering Projects, allowing us to tender projects of unlimited value in their respective categories.

Our Bio-Refinery and Bio-Energy Division specialises in a full range of conventional edible oil process plants as well as biodiesel, pre-treatment and winter fuel plants. It also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants.



OUR BUSINESSES

Since our incorporation in 1975, Koh Brothers Eco Engineering Limited (“**the Company**”) has expanded beyond providing EPC services for water and wastewater treatment and hydro-engineering projects and now provides EPC services for bio-refinery and bio-energy projects and for construction and civil engineering projects.



▲ Punggol Waterway Boardwalk

► ENGINEERING AND CONSTRUCTION

With the acquisition of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("**KBCE**") in 2016, the Company successfully expanded its operations to include EPC services for construction and civil engineering projects. The acquisition of KBCE represents a vertical integration of synergistic businesses that will offer a more compelling value proposition to clients and improve the Company's competitive advantage.

Since 1983, KBCE has completed many major construction projects such as the Marina Barrage, Changi Water Treatment Plants, Downtown Line 1 Bugis MRT Station, Common Services Tunnel at Marina South, HDB Projects at Jurong West, Choa Chu Kang, Yishun and many drainage projects such as Punggol Waterway, Bukit Timah First Diversion Canal and Geylang River Makeover.

As a testament to the quality of services provided, KBCE has won many accolades, including the highly prestigious Superior Achievement Award at the American Academy of Environmental Engineers Annual Awards for our work on the Marina Barrage.

In recent years, KBCE has carried out construction and civil engineering works for many other water, drainage and tunnelling related projects such as the Tuas Water Reclamation Plant, the Deep Tunnel Sewerage System in Tuas and the Marina East Desalination Plant. With our expanding track record, and with our A1 Grading in Construction and Civil Engineering and our ME11 L6 grading for Mechanical Engineering, our Construction and Civil Engineering Division is poised to scale new heights.



▲ Woodlands Health Campus



▲ Bugis MRT



▲ Changi Airport Runway 3

OUR BUSINESSES

► WATER AND WASTEWATER TREATMENT

Our Water and Wastewater Treatment Division boasts a sterling 35-year track record in the areas of water and wastewater treatment and hydroengineering, covering both public and private projects. We have delivered numerous water and wastewater treatment projects in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India.

Our Water and Wastewater Treatment capabilities allow KBE to provide complete end-to-end solutions to our clients, being able to provide both the technology, engineering, manufacturing and procurement services for infrastructure, specialist equipment and turnkey systems, as well as project management, installation, performance trials, commissioning, training and operations and maintenance. With our solutions, covering primary, secondary and tertiary treatments, our clients are able to effectively remove suspended solids, biodegradable organics, pathogenic bacteria, industrial wastes, toxic chemicals as well as unwanted nutrients that catalyse algae growth, resulting in water suitable for both consumption or industrial use.

Through our Hydro-Engineering expertise, KBE has provided EPC services for major public and private hydro-engineering projects in Singapore and in neighbouring countries like Malaysia and Indonesia. We design and supply state-of-the-art devices which are incorporated into infrastructure and products like pump systems, gates, valves, and other operating equipment.



▲ Changi Wastewater Reclamation Plant



▲ Bertam DAF Water Treatment Plant (Melaka)



▲ Changi Wastewater Reclamation Plant



▲ Marina East Desalination Plant



▲ Bukit Timah Diversion Canal



▲ Geylang River



▲ Changi Wastewater Reclamation Plant

OUR BUSINESSES

► BIO-REFINERY ENGINEERING

Through our subsidiary, Oiltek Sdn. Bhd. ("**Oiltek**"), we engineer, procure and construct facilities to refine palm oil. Our refining solutions include edible and non-edible oil refining plants, renewable energy and biofuel plants, as well as systems and process improvement for existing refining operations. Oiltek also plays an important industry role as a distributor of machinery and components.

Oiltek is at the forefront of market innovation with its unique design excellence and strong technical competencies. Oiltek has built and commercialised many firsts-of-its-kind plants including, the world's first palm oil 3MCPD and GE-mitigating refinery as well as the world's first zero-effluent refining plant.

Supported by more than 37 years of experience, Oiltek presently markets to over 32 countries across Malaysia, Indonesia, Africa, South America and the rest of Asia. Oiltek is also the process licensee of Malaysia Palm Oil Board for biodiesel, winter fuel, multi-feedstock biodiesel, phytonutrient extraction and other downstream processes.



► BIO-ENERGY ENGINEERING

As one of the pioneering engineering companies in Malaysia which successfully delivered biodiesel since 2000, we enjoy a prominent reputation in integrated and multi-feedstock biodiesel plants.

We also provide consultancy, design, engineering, procurement and construction services for palm oil mills seeking to recover and utilise methane as a source of renewable energy for power generation. We also assist in designing, reviewing, submitting and supporting palm oil mill effluent ("**POME**") biogas recovery projects to achieve Certified Emission Reduction registration, commonly known as carbon credits.

As a leading provider of biogas and methane recovery systems, the biogas recovery plant set up in palm oil mills using POME as feed has proven its consistency and high performance in chemical oxygen demand ("**COD**") reduction along with high volume methane purity with zero downtime.

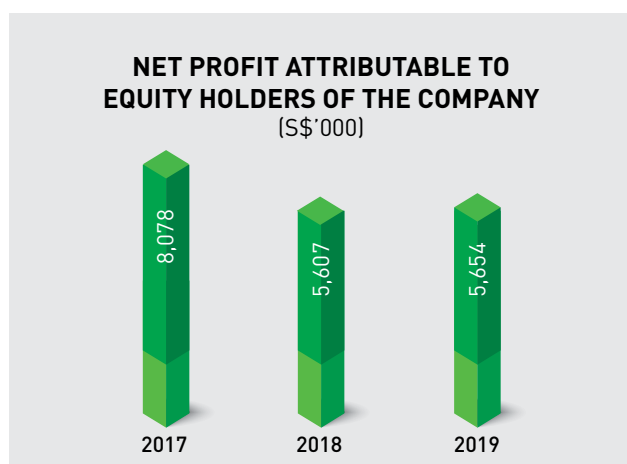
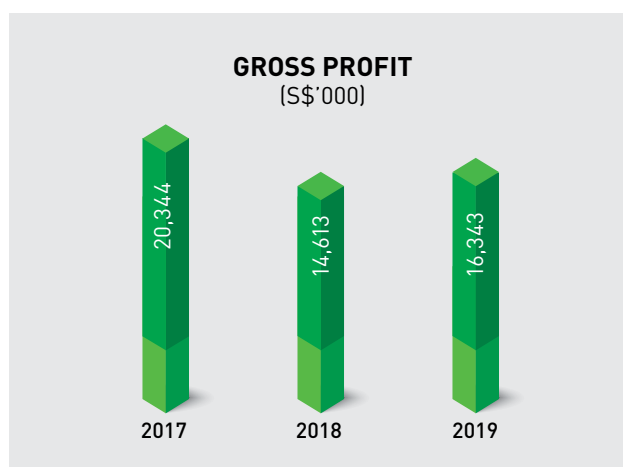
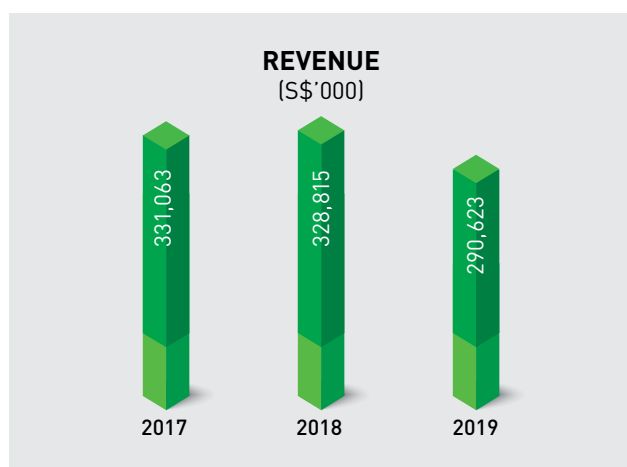


FINANCIAL HIGHLIGHTS

	FY2017 S\$'000	FY2018 S\$'000	FY2019 S\$'000
BALANCE SHEET HIGHLIGHTS			
Shareholders' funds	62,989	90,396	104,538
Cash and bank balances	24,864	20,553	47,206
Net current assets	15,677	34,359	53,853
Net tangible assets	56,132	83,539	97,681

	FY2017	FY2018	FY2019
KEY FINANCIAL RATIOS			
Net tangible assets per share (in cents)	5.36	5.34	5.53
Net gearing (times)	#	0.30	0.41
Earnings per share (in cent)	0.91	0.47	0.33
Dividend per share (in cent)	0.10	0.10	0.05

– Net cash position



STATEMENT BY CHAIRMAN AND CEO

Dear Shareholders,

2019 continued to be a challenging year for the Group. The Singapore economy grew by 0.7%, down from 3.4% in 2018, and 4.3% in 2017. For 2020, the Ministry of Trade and Industry has forecast GDP growth to be from -4.0 to -1.0%. The impact of the novel coronavirus ("COVID-19") has brought great uncertainty to the global economy and has had an adverse impact on the Singapore economy. We at Koh Brothers must be prepared for rougher seas ahead. However, we have faced tough challenges before and are confident that the Group will be able to tide the rough storms with the right strategies, and position ourselves well for the future.

OUR FINANCIALS

In spite of the challenges faced in 2019, the Group was able to record a slight increase in net attributable profit from S\$5.6 million in FY2018 to S\$5.7 million in FY2019. The Group was able to improve on its current ratio from 1.2 times as at 31 December 2018 to 1.3 times as at 31 December 2019, due largely to the increase in cash and bank balances from S\$20.6 million as at 31 December 2018 to S\$47.2 million as at 31 December 2019. The net gearing ratio was maintained at 0.41 times as at 31 December 2019. We also have a strong order book amounting to S\$857.1 million as at 31 December 2019, due largely to the securing of the Influent Pumping Stations Project at Tuas Water Reclamation Plant, a project of PUB.

As a show of confidence in the Group, our holding company, Koh Brothers Group Limited had, in FY 2019, injected S\$10.0 million through the conversion of 200 million warrants into shares in the Company. This S\$10.0 million allow the Company to be in a better position to compete for larger value construction projects, having the necessary working capital to provide construction services for larger and more complex projects.

OUR PLANS FOR GROWTH

Engineering and Construction Division

FY2019 was a challenging year for the Engineering and Construction Division. The Division recognised lower revenue from S\$301.5 million in FY2018 to S\$263.9 million in FY2019, due mostly to the fact that certain construction projects were nearing completion in FY2019. However, with the challenges of FY2019 come the opportunities of FY2020. Based on the latest projections from the Building and Construction Authority (the "BCA"), the total construction demand is expected to remain strong in 2020, ranging between S\$28 billion and S\$33 billion. This is largely due to the sustained public sector construction demand which is expected to contribute close to 60% of the total construction demand, reaching between S\$17.5 billion and S\$20.5 billion this year. Expected projects include the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line. The sustained growth comes on the back of the increase in total construction demand for 2019, where awarded projects reached S\$33.4 billion, representing a 9.5% annual growth.

In spite of the largely positive outlook, the construction industry remains challenging in light of the tighter

regulatory controls to be implemented, and the sterner competition between contractors. One such instance of tighter regulatory controls that is likely to have an immediate impact on the construction industry will be the reduction in foreign worker quotas for S Pass workers. Further, the construction industry continues to be impacted by rising costs. We expect such costs to be on the rise in 2020, with the increase in demand for such construction materials being in line with the pickup in construction activities. In addition, the full impact of COVID-19 on the construction sector is still to be assessed. COVID-19 has impacted the progress of construction works and affect supply chains for construction materials and services.

Moving forward, the Group will selectively tender for construction projects, with a focus on projects that will allow for the Group to showcase its direct capabilities and strengths. The Group has been resilient and with the BCA awarding us with the Class A1 grading for construction and civil engineering works, we are ready to face the tough times ahead.

Bio-Refinery Engineering and Bio-Energy Engineering Division (the "Bio-Engineering Division")

Throughout the years, and in line with global sentiments, the Group has been increasing its efforts in providing alternative sources of sustainable energy such as biodiesel and winter fuel, and has also moved towards phytonutrient extraction and other downstream processes. At the same time, the Group has also focussed on increasing the efficiency of the current processes, with the aim of extracting the maximum amount of energy from the same amount of resources. We are able to provide services relating to high value niche chemical and food ingredient production facilities, non-edible oil processing plants, renewable energy such as biofuel and biogas plants and systems and process improvement for existing refining operations

We believe that our Bio-Engineering Division will continue to be at the forefront of market innovation, with its unique design excellence and strong technical competencies, by continuing to launch new inventions and proprietary plants.

PROPOSED DIVIDEND

We are pleased to report that the Board has proposed a final dividend of 0.05 Singapore cent per share, to be approved by shareholders at the forthcoming Annual General Meeting.

APPRECIATION

The Group's success is possible only with the strong culture of teamwork. On behalf of the Company, we would like to extend our heartfelt thanks to our management and staff for their efforts in securing the success of the Group.

We would also like to extend our thanks to our clients, business associates, consultants and shareholders for their steadfast belief in the Group over the years. With your continued support, we will be able to reach greater heights.

Koh Keng Siang (Francis)

Non-Executive and
Non-Independent Chairman

Shin Yong Seub (Paul)

Executive Director and
Chief Executive Officer

WITH THE
RIGHT STRATEGIES,
WE ARE CONFIDENT
THAT THE GROUP
WILL BE ABLE TO
TIDE THE ROUGH
STORMS, **POSITIONING**
OURSELVES WELL
FOR THE FUTURE.

Shin Yong Seub (Paul)

Executive Director and Chief Executive Officer

Koh Keng Siang (Francis)

Non-Executive and Non-Independent Chairman



SUSTAINABILITY REPORT

► BOARD STATEMENT

Koh Brothers Eco Engineering Limited ("KBE" or the "Company", and together with its subsidiaries, the "Group"), is pleased to present its sustainability report for the financial year ended 31 December 2019. The Company recognises that the sound management of environmental, social and governance ("ESG") risks and opportunities is key to ensuring the sustainability and long-term viability of its business. Therefore, the Group is committed to implementing practices to create sustainable value for its stakeholders.

2019 marked a significant milestone for the Group as it was awarded a S\$668.2 million pumping station project at the Tuas Water Reclamation Plant by the national water agency, the Public Utilities Board ("PUB"). These pumping stations will help Singapore boost its water sustainability through the reclamation and recycling of water in an endless cycle.



As the Company continuously seeks to drive growth, value and innovation to create a positive transformation in the society, it also endeavours to align its sustainability initiatives with business objectives. The Company considers sustainability issues as part of its strategic formulation and continues to focus on setting up a strategic direction towards ensuring the efficient consumption of resources, workplace diversity, fair employment practices, as well as the health and safety of its employees.

The directors of the Company (the "Board") continues to be supported by management in integrating sustainability considerations into its business decisions. As discharged by the Board, management from across the Group is responsible for determining ESG issues that are material to the Group, and managing and reporting the Group's ESG performance.

The Board thanks its various stakeholders for being part of this sustainability journey and looks forward to continue sharing the Group's performance on its sustainability journey.

Board of Directors
Koh Brothers Eco Engineering Limited



► ABOUT THIS REPORT

REPORTING PERIOD AND SCOPE

This report addresses the Group's practices and performance around its material ESG factors during the period of 1 January to 31 December 2019. The scope of the report covers the Group's main operating entities under two business units namely, the Engineering and Construction and Bio-Refinery and Bio-Energy business units.

REPORTING FRAMEWORK

This report has been prepared in accordance with the requirements of SGX-ST Listing Rules 711A and 711B, and with reference to the Global Reporting Initiative ("GRI") Standards. The GRI Standards were selected as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures.

This report references the following GRI Standards and topic-specific disclosures:

- Disclosure 201-1 from GRI 201: Economic Performance 2016
- Disclosures 302-1 (c. (i)) from GRI 302: Energy 2016
- Disclosures 302-3 from GRI 302: Energy 2016
- Disclosures 303-5 (a) from GRI 303: Water and Effluents 2018
- Disclosure 403-9 (a. (i) and (iii)) from GRI 403: Occupational Health and Safety 2018
- Disclosure 405-1 (b.(i)) from GRI 405: Diversity and Equal Opportunity¹

FEEDBACK

We value and welcome all feedback from stakeholders as they are integral to the continuous improvement of our sustainability practices and reporting. Please send all comments and suggestions to our Investor Relations Consultants, Citigate Dewe Rogerson, i.MAGE Pte Ltd.

¹ For Disclosure 405-1, the gender distribution of employees is disclosed in this report, without the breakdown by employee category.



► MANAGING SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

The Company understands that stakeholders play a critical role in determining a business' long-term viability. Thus, we engage with our stakeholders regularly through various methods to understand and address their needs and expectations.

Key Stakeholders	Engagement Methods
Government / Regulators	<ul style="list-style-type: none"> • Participation in government initiatives and policy working groups
Employees	<ul style="list-style-type: none"> • Annual performance appraisals • Staff orientation for new employees • Regular sessions with the Project Heads and/or Heads of Departments to address the training needs of staff • Annual staff events • Ad-hoc gatherings, such as celebration dinners for achieving milestones
Investors	<ul style="list-style-type: none"> • Annual General Meetings ("AGMs") • Annual reports • Notices, Circulars, and Announcements
Customers	<ul style="list-style-type: none"> • Websites • Face-to-face meetings
Contractors	<ul style="list-style-type: none"> • Periodic meetings • Contractor/supplier evaluation exercises
Local Communities	<ul style="list-style-type: none"> • Corporate Social Responsibility ("CSR") initiatives • Community meetings
Media	<ul style="list-style-type: none"> • Media announcements



SUSTAINABILITY REPORT

► MANAGING SUSTAINABILITY

MATERIALITY ASSESSMENT

We believe that material issues have a direct or an indirect impact on our ability to create, preserve or deplete the economic, environmental and social value for ourselves, our stakeholders and the society at large. A materiality assessment allows us to identify aspects most relevant to us, which aids in defining our sustainability goals and their alignment with our business aspirations.

In September 2017, the Company conducted a 3-step materiality assessment that is in line with the Materiality Principle of the GRI Standards. The process is described as follows:

STEP 1: IDENTIFICATION

Identified potential material ESG factors

STEP 2: PRIORITISATION

Prioritised material ESG factors based on management team discussion

STEP 3: VALIDATION

Validated material ESG factors by the Board

In the process of identifying the material ESG factors, the Company considered the following:

- Global and local emerging sustainability trends;
- Main topics and future challenges for the construction industry, as identified by peers; and
- Insights gained from regular interactions with internal and external stakeholders

Our assessment yielded 4 material ESG factors as shown in the following table.

In 2019, the Company re-validated these material ESG factors identified in 2017. Taking into consideration our business operations and the sustainability landscape, the existing 4 ESG factors were deemed to remain relevant and material to the Group. The Company will regularly review and assess these material ESG factors to ensure their relevance.

Sustainability Focus Area	Material ESG Factors
Economic	Economic performance ²
Environmental	Utilities and emissions
Social	Employment practices
	Health and safety

KEY PERFORMANCE AT A GLANCE

MATERIAL ESG FACTORS	PERFORMANCE MEASURES ³	2018 Performance	2019 Performance	2019 Performance against 2019 Targets
Environmental – Utilities and Emissions	Energy			
	Total energy consumed (kWh)	333,399	152,894	Achieved – Maintain energy intensity at 3.0 kWh/m ² based on Project GFA
	Total energy intensity (kWh/m ²)	1.15	0.84	
	Water			
	Total water consumed (m3)	105,402	59,828	Achieved – Maintain water intensity at 0.4 m ³ /m ² based on Project GFA
	Total water intensity (m ³ /m ²)	0.36	0.33	
Social – Employment Practices	Employment Practices			
	Gender distribution: Male	82%	81%	Marginally Not Achieved – Maintain a gender distribution ratio within the Group of between 70% to 80% for male employees and between 20% to 30% for female employees
	Gender distribution: Female	18%	19%	
Social – Health and Safety	Health and Safety			
	Total number of workplace fatalities	0	0	Achieved – Zero workplace fatalities
	Accident Severity Rate (“ASR”)⁴	57.04	47.15	Achieved – <ul style="list-style-type: none">• Maintain or reduce ASR as per 2018 ASR of 57.04• Maintain ASR below construction industry average ASR of 115

² Please refer to the financial statements set out in the Annual Report 2019 for more information on the Group's economic performance for the financial year ended 31 December 2019.

³ The disclosures for these performance measures encompass the Group's performance by its main operating entities under the Construction business unit.

⁴ "ASR" refers to the number of lost work days experienced by the Company's Construction business unit, and computed based on the number of man-days lost due to workplace accidents per million man-hours worked.

► ENVIRONMENTAL

UTILITIES AND EMISSIONS

Energy and its associated greenhouse gas ("GHG") emissions are emerging global concerns. To play its part in combating global climate change, the Company aims to minimise the environmental impacts that its operations create.

Our 2019 energy performance, which comprises of electricity and diesel consumption, and water consumption is as follows:

2019 Performance⁵

Energy

- Total energy consumption: 152,894 kWh
- Energy intensity per Project Gross Floor Area ("GFA"): 0.84 kWh/m²

Water

- Total water consumption: 59,828 m³
- Water intensity per Project GFA: 0.33 m³/m²

2019 Performance against 2019 Targets

Energy

- Maintain energy intensity at 3.0 kWh/m² based on Project GFA

Achieved

Water

- Maintain water intensity at 0.4 m³/m² based on Project GFA

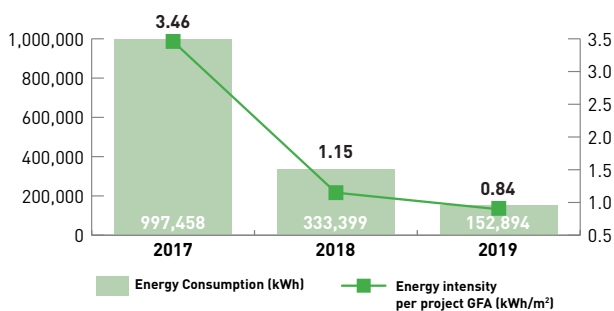
Achieved

2020 Targets

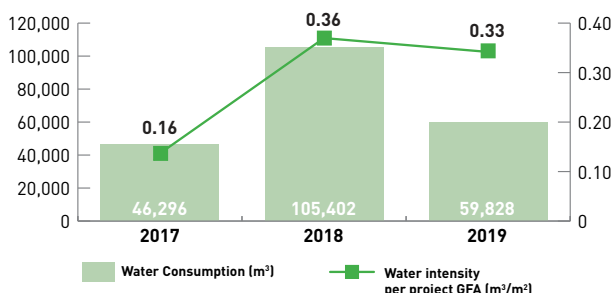
- Maintain energy intensity at 3.0 kWh/m² based on Project GFA
- Maintain water intensity at 0.4 m³/m² based on Project GFA

5 The disclosures for these performance measures encompass the Group's performance by its main operating entities under the Construction business unit.

Energy Consumption and Intensity



Water Consumption and Intensity



Our energy and water consumption are dependent on type, size, construction stage, construction activity, and whether the project is a building or civil engineering project. In 2019, energy and water intensity decreased by 26.96% and 8.33% respectively from 2018. This can be credited to a firm-wide effort in conserving resources through various measures.

The Group has implemented various measures to optimise its utilities and emissions performance, including the following:

- Regular maintenance of equipment and facilities to ensure optimal energy efficiency
- Use of NEWater instead of PUB domestic water for construction works (e.g. watering of plants, cleaning of sites)

To manage the Group's environmental performance holistically and systematically, the Company has also acquired the ISO 14001 certification for environmental management systems in 2004. Going forward, the Group will continue to maintain zero non-conformances for all external audits conducted for the aforementioned management systems.

In addition to reducing energy and water consumption, the Group aspires to help others decrease their resource use through promoting green buildings. The Group plans to train selected key staff in the design and implementation of Green Building and the Energy Conservation Act. The Group aims to achieve the Green Mark Gold^{Plus} Award by the Building and Construction Authority of Singapore ("BCA") for our Tuas Water Reclamation Plant ("TWRP") project, and the BCA Green Mark Gold Award or its equivalent for new projects overseas.

In the next year, we target to maintain energy intensity at 3.0 kWh/m² and water intensity at 0.4 m³/m² based on Project GFA.



SUSTAINABILITY REPORT

► SOCIAL

EMPLOYMENT PRACTICES

A team of high-performing and committed employees is fundamental to the success of our business. With this belief, the Company is committed to attracting, developing and retaining dedicated and professional employees that share the Company's values.

2019 Performance³

Gender Distribution

- Male: 81%
- Female: 19%

2019 Performance against 2019 Targets

Male Employees

- Achieve a ratio of between 70% to 80%

Not Achieved

Female Employees

- Achieve a ratio of between 20% to 30%

Not Achieved

2020 Targets

- Maintain a gender distribution ratio within the Group of between 70% to 80% for male employees and between 20% to 30% for female employees

Diversity is key to building a dynamic and productive workforce. The Company does not tolerate any discrimination on the grounds of sex, age, racial origin, religious affiliation, disability or marital status. We adopt a fair employment policy that provides everyone with equal opportunities free from discrimination. All employees are evaluated based on their merits and have an equal opportunity to be trained, promoted, selected for posts, and to have their employments terminated equally and fairly.

The Group recognises that it operates in male-dominated industries, and is therefore conscious of gender diversity within the Group.

In 2019, the Group was marginally short of achieving its targeted gender distribution ratio of 20% to 30% for female employees. In the forthcoming year, the Company will explore initiatives to improve gender diversity among its workforce and strive to achieve this targeted gender distribution ratio of 70% to 80% for male employees and 20% to 30% for female employees.

In addition, the Company believes that understanding its employees' needs is crucial to retaining employees, and thus deploys an "open-door" policy to encourage communication between management and employees.

The Company also has a set of competitive employee retention strategies and incentives to increase staff retention and decrease staff turnover.

Another key to retaining employees is to provide them with an engaging and fulfilling career by helping them discover and achieve their full potential. The Company provides personalised training and education programmes, including job rotations, which allows employees to gain different skill sets and deepen their understanding of the Company's operations. The Company also reviews each employee's development plans during the annual performance appraisal to ensure that their training needs and goals are addressed.

HEALTH AND SAFETY

Safeguarding our employees' health and safety is of utmost importance to us, and is integral to ensuring smooth operations. The Company believes that maintaining a safe working environment is the responsibility of all – from employees to management.

Our health and safety performances for the reporting year are as follows:

2019 Performance³

Workplace Fatalities

- Zero workplace fatalities

Accident Severity Rate ("ASR")⁴

- Accident Severity Rate ("ASR"): 47.15

2019 Performance against 2019 Targets

Workplace Fatalities

- Zero workplace fatalities

Achieved

Accident Severity Rate ("ASR")

- Maintain or reduce ASR as per 2018 ASR of 57.04
- Maintain ASR below construction industry average ASR of 115⁵

Achieved

2020 Targets

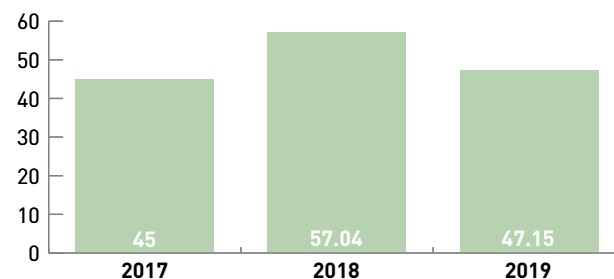
Workplace Fatalities

- Maintain zero workplace fatalities

Accident Severity Rate ("ASR")

- Maintain or reduce ASR as per 2019 ASR of 47.15

Accident Severity Rate ("ASR")



During the year, the Group met its target of zero workplace fatalities, and also reduced the ASR from 57.04 in 2018 to 47.15 in 2019. The Group's ASR of 47.15 continues to be below the industry average ASR of 115, based on the latest available national statistics for the construction sector⁵.

The Company has established Health and Safety Policies that all business lines are required to adhere to and implement. At the Company level, the Risk Management Committee of the Company's Construction unit has monthly meetings to discuss health and safety issues and incidents,

⁵ Latest available statistics on the average ASR for the construction sector is extracted from the Workplace Safety and Health Report 2018, as published by the Ministry of Manpower of Singapore.

and evaluate the sufficiency of health and safety initiatives. A Health and Safety CEO Forum is also held quarterly, where the CEO of the Engineering and Construction unit will discuss health and safety issues with the Company's Health, Safety, and Environment ("HSE") division.

At the project level, health and safety risks and impacts are assessed for all projects and opportunities for improvement in the different project life cycle stages are identified, such as during project plan development, project execution and project handover. At weekly project meetings, health and safety issues are discussed and messages from the meetings are cascaded to all supervisors and workers every morning before starting work. A group chat has also been formed to facilitate real-time safety updates and incident reporting between the management and project teams. In addition, we have implemented a pilot project, where Project Directors and Managers engage workers in monthly dialogue sessions.

At the site level, a safety manager conducts spot checks to ensure that assets and equipment including elevators, escalators and stairwells are well-maintained at worksites, ensuring that all necessary safety equipment are in place. 24/7 security guards are also hired to conduct daily rounds and spot checks. Periodic site meetings are conducted with project consultants to highlight any health and safety-related matters. If any safety incidents were reported by employees or visitors, the safety managers are responsible for conducting timely investigation and execution of preventive and corrective actions. The Company has a group of appointed clinics to provide readily-available medical and healthcare services to employees and workers when required.

To supplement regular reviews of health and safety issues at various levels, the Company provides regular trainings to educate employees on the potential occupational health risks and safety hazards, as well as the proper precautions to take. Each of our projects has a training plan and various HSE trainings are conducted on a monthly basis. Employees are also required to complete a HSE induction programme at the KBCE Training Centre.

The Company's Engineering and Construction unit has set aside a health and safety budget dedicated to implementing health and safety improvement initiatives. Procedures are also in place to award workers, supervisors and subcontractors for safety-conscious behaviours to incentivise and nurture the safety culture.

In the next year, the Company aims to maintain zero workplace fatalities. It also aims to keep the workplace injury rate below the construction industry average, as well as reduce it by 10% as compared to 2019 levels.

CORPORATE SOCIAL RESPONSIBILITY

The Company is dedicated to our role of being a force that brings positive changes to the local communities it operates in. Giving back to the society that has supported the growth of the Company is at the core of its values. The Company contributes and reaches out to the society through corporate responsibility initiatives ("CSR"), which includes corporate philanthropy, volunteerism, the environment and corporate sponsorship.

Some of our initiatives are described below:

HCA Hospice Care Day: The Company collaborated with HCA Hospice for an activity-filled day at Punggol Waterway Park. Volunteers from the Company interacted with life-limiting patients, uplifting their spirits by bringing them joy. The Company will continue to participate and invest its resources to support the local communities, those of lesser privilege or are in less fortunate circumstances.

Singapore Children's Society: The Company is an active participant in the Singapore Children's Society's 1000 Enterprises for Children-In-Need Programme, where it pledges annual donations. The Company will continue contributing to this cause as it believes that the support provided will go a long way in helping the children in need.

Society for the Physically Disabled ("SPD") Charity Hongbao: The Company is proud to be part of SPD's Charity Hongbao Donation Drive, hoping to make a difference in the lives of people with disabilities during the Lunar New Year. The Company's 'hongbao' donations will fund over 20 programmes and services offered by SPD, which facilitates the integration of people with disabilities into the society.

BCA-Industry Built Environment Undergraduate Scholarship/Sponsorship: Together with other industry firms, the Company's Construction unit collaborated with BCA to offer BCA-Industry Built Environment Undergraduate Scholarship/Sponsorship to students pursuing full-time built environment courses at local universities and the BCA Academy. The Company believes that through these programmes, graduates will enjoy ample opportunities while being nurtured for an exciting and rewarding career in the Built Environment sector.

Other CSR Initiatives at Koh Brothers: The Company has participated in many CSR programmes organised by various agencies, institutions, and associations. These activities include collaborations with the National Crime Prevention Council, SCDF (SGSECURE), SHINE Charity Golf 2019, St. Margaret's Church Charity Golf, TUCSSG Friendly Golf, KOCHAM Challenge Charity Golf & Dinner, SCAL Charity Golf Tournament, and SPM 24th Annual Dinner.

BOARD OF DIRECTORS



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1

KOH KENG SIANG (FRANCIS)

Non-Executive and Non-Independent Chairman

Mr Koh Keng Siang is the Non-Executive and Non-Independent Chairman of Koh Brothers Eco Engineering Limited. He was appointed a Director on 28 February 2013 and was last re-elected on 26 April 2018. He is also the Chairman of the Executive Committee and the Nominating Committee. He is a member of the Remuneration Committee and the Audit and Risk Committee.

Mr Koh is the Managing Director and Group Chief Executive Officer of Koh Brothers Group Limited ("KBGL"). He has been with KBGL since 1987 and has held various positions in administration, finance and project management. He was the main driving force behind the expansion of KBGL's business into Real Estate and Leisure & Hospitality. He is credited with spearheading KBGL to establish its brand name in Singapore as a builder of quality homes.

Mr Koh holds a Master of Business Administration from the National University of Singapore and a Bachelor of Engineering (Honours) from the University of Birmingham. He was conferred the Best Executive Award 1997-1998 by His Excellency, the State Minister of Industry and Trade of the Republic of Indonesia, Mr Ir T Airwibowo. He was also conferred the Promising SME 500 (Distinguished Business Leader of the year) in 2014 and was named the Real Estate Personality of the year 2016. Mr Koh is a counsel member of the Teochew Federation Council and Honorary Chairman of the Singapore Khoh Clan Association.

2

SHIN YONG SEUB (PAUL)

Executive Director and Chief Executive Officer

Mr Shin Yong Seub is an Executive Director and Chief Executive Officer of the Company. He was appointed a Director on 1 June 2016 and was re-elected on 17 April 2019. He is also a member of the Executive Committee.

Mr Shin has over 30 years of professional experience in the building and construction industry in Singapore and Asia. Prior to joining the Group, he was the Head of South East Asia for Samsung C&T Corporation where he successfully secured and completed various infrastructure and building projects. These projects include Kallang Paya Lebar Expressway C423, the Summit (NTUC's headquarters), Biopolis, Singapore Changi Runway Package 1, Downtown and Thomson MRT Lines, and Jurong LNG Terminal. Other notable projects in the region include KL 118 Tower, the Prai Combined Cycle Power Plant in Malaysia, Shatin Central MTR line in Hong Kong, Keppel International Finance Center in Jakarta, and Trung Son Hydro Dam and Hatim Formosa Steel Mill Deep Sea Port in Vietnam.

Mr Shin holds a Bachelor of Arts degree in International Business from Hankuk University of Foreign Studies in Korea, a Bachelor of Arts in Middle East Politics & Economics from King Saud University, and a Master's degree in International Business Administration from Korea University.

3 KOH CHOON LENG (JEFFREY)

Independent Director

Mr Koh Choon Leng is an Independent Director of the Company. He was appointed a Director on 28 February 2013 and was last re-elected on 17 April 2019. He is the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee.

Mr Koh has over 30 years of professional experience in mechanical engineering, building service design, implementation, documentation and project administration. In 1987, he was appointed as the Managing Director of HPS Engineering (S) Pte. Ltd. which provides mechanical and electrical engineering consultancy services to institution, industrial and commercial building projects. He is currently an Executive Director of E+HPS Pte. Ltd., an international total turnkey design and build facilities engineering company with presence in Singapore, Malaysia, India and China.

Mr Koh graduated from Singapore Polytechnic with a Diploma in Mechanical Engineering in 1981.

4 TAN HWA PENG

Independent Director

Mr Tan Hwa Peng is an Independent Director of Koh Brothers Eco Engineering Limited. He was appointed a Director on 21 February 2012 and was last re-elected on 26 April 2018. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit and Risk Committee.

Mr Tan has more than 35 years of experience in the building and civil engineering construction industry in Singapore. He had been an Executive Director of Koh Brothers Group Limited ("KBGL") since its public listing in 1995 till his retirement in 2005. During his tenure at KBGL, he was specifically in charge of its construction division. Prior to the listing of KBGL, he was instrumental in helping the construction division grow from a drainage contractor to one of the largest building and civil engineering companies in Singapore.

Mr Tan graduated from the University of Malaya in 1968 with a Bachelor of Civil Engineering degree. During 1969 to 1972, when he was in full time national service, Mr Tan was commissioned as an army officer and served in the Ministry of Defence. He worked in the Civil Service from 1972 till 1979. He served in various ministries and was promoted from Pupil Engineer in the Ministry of National Development to Higher Executive Engineer in the Ministry of Environment.

5 LEE SOK KHIAN JOHN

Non-Executive and Non-Independent Director

Mr Lee Sok Khian John is a Non-Executive and Non-Independent Director of Koh Brothers Eco Engineering Limited. He was appointed a Director on 1 September 2017 and was last re-elected on 26 April 2018.

Mr Lee is currently an Executive Director of Koh Brothers Group Limited ("KBGL"). Prior to his appointment as a Director of KBGL, he was the Chief Financial Officer and Company Secretary of KBGL. He has extensive experience in management, corporate, accounting and finance functions in various industries.

Mr Lee is a Fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants. He is also an Associate of the Chartered Institute of Management Accountants and the Chartered Secretaries Institute of Singapore.

SENIOR MANAGEMENT

GOH POH KHIM

Executive Director
(Construction)

Mr Goh joined the Group's Construction division in 2002 as an Assistant General Manager (Projects). He managed some of the Group's prestigious projects such as the Marina Barrage. He was promoted to his current position in 2008 overseeing all its building related projects. Mr Goh is responsible for the operating performance of the Construction division. He has more than 37 years of project management experience in the construction industry and has held senior positions in various construction companies.

Mr Goh holds a Bachelor in Business from the Royal Melbourne Institute of Technology, Australia and an Executive Master of Business Administration from the National University of Singapore.

ONG KIEN SOO

Executive Director
(Construction)

Mr Ong joined the Group's Construction division as a Contracts Manager in 2010. He was promoted to his current position of Executive Director (Construction) in 2016. Mr Ong is responsible for overseeing the overall operations of the Contract Department. His portfolio includes contract administration and tendering of building and infrastructure projects. He has more than 39 years of experience in the construction industry and has held senior positions in various construction companies.

Mr Ong holds a Bachelor of Applied Science in Construction Management and Economics from Curtin University.

KOH KENG SENG

Executive Director
(Construction)

Mr Koh joined the Group in 1992 and has grown with the Construction division. He heads the Machinery, Equipment and Logistics department of the Construction division. Mr Koh is responsible for and oversees the logistics, workshop, machinery and equipment functions. He has more than 40 years of experience in the construction industry and is involved in various projects under the Group's Construction division.

YONG KHAI WENG (HENRY)

Managing Director
(Bio-Refinery and Bio-Energy)

Mr Yong is the Managing Director of Oiltek Sdn. Bhd., a subsidiary of the Company. He oversees the Group's operations and expansion in the edible oil, bio-refinery and bio-energy engineering sectors. He has over 20 years of experience in the palm oil industry covering a wide horizon of areas including palm oil refining, biofuels, and the whole vertical downstream integration. Mr Yong is also involved in corporate and operational management, project sales and marketing, strategy and planning, process design and management, research and process development as well as key client portfolio management.

Mr Yong graduated from the University of Malaya with a Bachelor's degree in Chemical Engineering with First Class Honours in 1997. He has also been awarded the Super Outstanding Entrepreneur, Asia Success Award 2013, and the Asia Honesty Entrepreneur Award 2014.

CHUA THIAM SIEW, JOHNSON

Financial Controller

Mr Chua rejoined the Company in September 2017 as the Financial Controller and is responsible for all aspects of the Group's financial activities including treasury, accounting, taxation, budgetary controls and systems and processes. He has more than 30 years experience in finance and accounting related matters in the public accounting, construction, real estate and hospitality sectors.

Mr Chua holds a Master of Business Administration from Southern Cross University and a Master of Accounting from Curtin University of Technology (Australia). He is an associate member of CPA Australia.

CHUA HANYANG, ISAAC

Company Secretary

Mr Chua joined the Group in April 2018 as the Legal Counsel and was appointed Company Secretary in December 2018. He oversees the Group's corporate secretarial, legal and compliance functions.

Mr Chua graduated from the National University of Singapore with a Bachelor of Laws (Honours) (LL.B.).

GROUP STRUCTURE



ENGINEERING AND CONSTRUCTION

- Koh Brothers Eco Engineering Limited
- Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd
- Koh Eco Engineering Pte Ltd

BIO-REFINERY AND BIO-ENERGY

- Oiltek (S) Pte Ltd
- Oiltek Sdn Bhd
- Oiltek Nova Bioenergy Sdn Bhd

Note: This list is not exhaustive.

CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**”) of Koh Brothers Eco Engineering Limited (the “**Company**”) is committed to ensuring that a high standard of corporate governance is practised throughout the Company and its subsidiaries (the “**Group**”). The Board believes that good corporate governance enhances shareholder value, corporate performance and accountability. This report discloses the corporate governance framework and practices that the Company has adopted, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”). Where the Company’s practices vary from any provisions of the Code, the Company has explicitly stated the provision from which it has varied, and explained the reason for the variation and how its practices are consistent with the intent of the relevant principle in this report. The Board will continue to review the corporate governance policies regularly in order to further add value to stakeholders and enhance investor confidence.

BOARD MATTERS

The Board’s Conduct of Affairs

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

The Board is made up of the following 5 directors comprising 1 executive director, 2 non-executive and non-independent directors, and 2 independent directors:

Koh Keng Siang (Non-Executive and Non-Independent Chairman)
Shin Yong Seub (Executive Director and Chief Executive Officer (“CEO”))
Lee Sok Khian John (Non-Executive and Non-Independent Director)
Koh Choon Leng (Independent Director)
Tan Hwa Peng (Independent Director)

The Board assumes responsibility for the stewardship of the Group. Its primary objective is to protect and enhance shareholder value. Apart from its statutory responsibilities, the Board’s role is to, *inter alia*,:

- (a) review and oversee the management of the Group’s business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
- (b) 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;
- (c) establish a framework of prudent and effective controls which enables risks to be assessed and managed (including safeguarding shareholders’ interests and the Company’s assets);
- (d) approve major investment and funding decisions;
- (e) set the Company’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues (e.g. environmental and social factors) as part of its strategic formulation.

All directors are expected to objectively discharge their duties and responsibilities, to act in good faith, to provide insights and to consider the interests of the Company at all times. Any director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict. (Provision 1.1 of the Code)

The Board has established the following committees which assist the Board in executing its duties according to clearly defined terms of reference:

- (a) Executive Committee (“**EC**”);
- (b) Audit and Risk Committee (“**ARC**”);
- (c) Nominating Committee (“**NC**”); and
- (d) Remuneration Committee (“**RC**”).

The Board delegates the formulation of business policies and day-to-day management to the CEO and senior management. (Provision 1.4 of the Code)

The Board meets at least 4 times a year and convenes additional meetings when warranted by particular circumstances. In between Board meetings, other important matters will be tabled for the Board’s approval by way of circulating resolutions in writing. The Company’s Constitution provides for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means.

CORPORATE GOVERNANCE REPORT

A record of the directors' attendance at Board and its committee meetings in 2019 is disclosed below

	BOARD	EC	ARC	NC	RC
No. of meetings held in 2019	5	4	4	1	1
Name of Directors	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Koh Keng Siang	5	4	4	1	1
Shin Yong Seub	5	4	-	-	-
Lee Sok Khian John	5	-	-	-	-
Koh Choon Leng	5	-	4	1	1
Tan Hwa Peng	5	-	4	1	1

The Board is of the view that the contributions of each director should not be based only on his attendance at Board and/or Board committee meetings. A director's contributions may also extend beyond the formal environment of Board meetings, such as through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group. (Provision 1.5 of the Code)

The Board has not determined the maximum number of listed company board representations which any director may hold. The Board is of the view that directors who have multiple board representations have thus far devoted sufficient time and attention to the affairs of the Group. Their multiple board representations and other principal commitments have not hindered their ability to carry out their duties as directors of the Company. Such multiple board representations of the directors benefit the Group as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. (Provision 1.5 of the Code)

The Company has adopted internal controls and guidelines setting forth matters that require the Board's approval. These matters relate, *inter alia*, to:

- (a) corporate or financial restructuring;
- (b) material acquisitions and disposals of assets which are outside the ordinary course of business;
- (c) dividend payments;
- (d) financial results announcements; and
- (e) bank borrowings and provision of corporate guarantees.

The Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and Management via a structured delegation of authority matrix (i.e. Group Limits of Authority (the "GLA")), which is reviewed, and revised when necessary.

The GLA provides clear guidance and directions to Management on matters requiring the Board's specific approval. These matters include but are not limited to:

- (a) material acquisitions and disposals of assets/investments;
- (b) corporate/financial restructuring/corporate exercises;
- (c) budgets/forecasts; and
- (d) material financial/funding arrangements and expenditures. (Provision 1.3 of the Code)

The Company has in place an orientation programme for all newly appointed directors. This ensures that newly appointed directors are familiar with the Group's structure, business and operations, corporate governance practices, and their duties as directors. Where appropriate, the Company will also provide first-time directors with training in areas such as accounting, legal and industry-specific knowledge.

The Board is updated on relevant new laws, regulations and changing commercial risks from time to time. Directors are encouraged to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense. (Provision 1.2 of the Code)

Prior to each meeting and when the need arises, the Board is furnished with complete and adequate information in a timely manner to enable full deliberation of the issues to be considered. To ensure that the Board is able to fulfil its responsibilities, Management readily provides the Board with board papers and related materials, background and copies of disclosure documents, management reports, forecasts, budgets, financial statements and other relevant information of the Group. (Provision 1.6 of the Code)

CORPORATE GOVERNANCE REPORT

Directors have separate and independent access to the Management and the Company Secretary. The Company Secretary attends all Board and board committee meetings, and is responsible for ensuring that the meeting and other Board procedures are followed and the applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary is responsible for, *inter alia*, (i) ensuring an effective flow of information within the Board and its committees and between Management; (ii) facilitating orientation and (iii) assisting with professional development, as required. The Company Secretary also assists the Board in implementation and upkeep of good corporate governance and best practices across the Group.

The appointment and the removal of the Company Secretary are matters taken by the Board as a whole.

In the event that the directors (either individually or as a group) require independent professional advice in the furtherance of their duties, the Company Secretary will, upon approval by the Board, appoint a professional advisor to render such services. The cost of the services will be borne by the Company. (Provision 1.7 of the Code)

Board Composition and Guidance

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

Notwithstanding Provision 2.2 of the Code which requires independent directors to make up a majority of the Board where the Chairman is not independent, the Board is made up of 5 directors comprising 1 executive director, 2 non-executive and non-independent directors, and 2 independent directors. The NC has reviewed the independence of the independent directors of the Board and have assessed that the independent directors of the Board are independent within the meaning of the Code and in accordance with Rule 406(3)(d) of Section B of the Listing Rule (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX**”). The Board has an appropriate level of independence and diversity of thought and background in its composition to exercise independent judgment in the best interests of the Company in light of the significant number of non-executive directors on the Board, as 80% of the Board are non-executive directors. No individual or small group of individuals dominate the Board’s decision making. (Provisions 2.2 and 2.3 of the Code)

The NC reviews and assesses the independence of each director, in accordance with the Code’s criteria of independence and Rule 406(3)(d) of the Catalist Rules, taking into account, *inter alia*, the director’s ability to act with independent business judgement in the best interest of the Company and to discharge his duties objectively, and the director’s conduct, character and judgment. Each independent director is required to complete a director’s independence checklist which is drawn up based on the guidelines provided in the Code and Rule 406(3)(d) of the Catalist Rules. The NC reviews and assesses the director’s independence before presenting its recommendations to the Board for consideration and endorsement. (Provision 2.1 of the Code)

Based on the NC’s review and recommendations, the Board has determined that both Mr Koh Choon Leng and Mr Tan Hwa Peng are independent within the meaning of the Code and in accordance with Rule 406(3)(d) of the Catalist Rules.

There are no independent directors that have served on the Board for more than nine years.

The Board, having examined the scope, nature and requirements of the Group’s business and operations, is of the view that the current Board size is appropriate for facilitating effective decision making. The Board will restructure the Board’s and its committees’ compositions, if necessary, to meet the changing needs and demands of the Group’s business and operations.

Directors have been appointed based on their calibre, expertise and experience. Board members comprise business leaders with business, management, finance and industry knowledge. The Board, in concurrence with the NC, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. In this regard, the NC considered, amongst others, the skills, knowledge and experience required of the Board, in light of:

- (a) the geographical spread and diversity of the Group’s business
- (b) the strategic direction and progress of the Group
- (c) the current composition of the Board; and
- (d) the need for independence. (Provision 2.4 of the Code)

The Board comprises 4 non-executive directors, of whom 2 are independent directors. The non-executive directors will constructively challenge and help to develop proposals on strategy. They also review the performance of Management in meeting agreed goals and objectives, and monitor the performance of the Group.

CORPORATE GOVERNANCE REPORT

Non-executive directors meet at least once annually, without the presence of Management to facilitate an effective check on Management. The Chairman of such meetings provides feedback to the Board and/or the Chairman of the Board, as appropriate. (Provision 2.5 of the Code)

Chairman and Chief Executive Officer

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

The Chairman of the Board, who is a non-executive director, and the Company's CEO are separate persons. There is a clear division of roles and responsibilities between the Chairman and CEO. The CEO is not related to the Chairman. (Provision 3.1 of the Code)

The Chairman, together with the rest of the directors, is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness in all aspects of the Board's role, promotes a culture of openness and debate at the Board, facilitates effective communication with shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of each director and promotes high standards of corporate governance. With the assistance of the Company Secretary, he sets the agenda and ensures that the Board members are provided with complete, adequate and timely information of all agenda items. The roles and responsibilities of the CEO are set out in the CEO's employment agreement which was approved by the Board. (Provision 3.2 of the Code)

Notwithstanding Provision 3.3 of the Code which requires the Board to have a lead independent director where the Chairman is not independent, the Board is of the view that there is no necessity for a lead independent director at this juncture as the current Board size is small. Both independent directors are available to shareholders when they have concerns and where contact through the normal channels of the Chairman, CEO and Management has failed to resolve such concerns or is inappropriate. In addition, the independent directors will confer among themselves (when necessary) and provide feedback to the Chairman as appropriate. (Provision 3.3 of the Code)

Board Membership

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

The NC comprises the following members, the majority of whom, are non-executive and independent directors:

Koh Keng Siang (Chairman)
Koh Choon Leng
Tan Hwa Peng

Notwithstanding Provision 4.2 of the Code which requires the NC Chairman to be an independent director, the NC chairman is a non-executive and non-independent director of the Company. However, he possesses extensive experience in and governance knowledge relating to listed companies and the Board is of the view that his appointment is appropriate as (i) the NC chairman has demonstrated his ability to lead the NC effectively, (ii) the NC is appropriately sized and (iii) the current composition enables the NC to carry out its duties and responsibilities delegated by the Board effectively. In addition, to maintain a formal and transparent process for the appointment and re-appointment of directors, the decisions of the NC are made by the NC as a whole [and no individual dominates the NC's decision making]. (Provision 4.2 of the Code)

The primary role of the NC is to make recommendations to the Board on all Board appointments. Its role is, *inter alia*, to:

- (a) review board succession plans for the directors;
- (b) ensure that a process for evaluating the performance of the Board, its Board committees and directors is in place;
- (c) to ensure that all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;
- (d) review training and professional development programs for the Board;
- (e) ensure that new directors are aware of their duties and obligations; and
- (f) make recommendations on the appointment and re-appointment of directors. (Provision 4.1 of the Code)

The NC ensures that the Board has the right balance of skills, knowledge and experience critical to the Group's business and evolving needs. Important issues that are also considered by the NC for the selection, appointment and re-appointment of a director include the current Board's composition and each director's contributions and competencies, and the need for progressive renewal of the Board. (Provision 4.3 of the Code)

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 94 of the Company's Constitution, one-third of the directors shall retire from office at every annual general meeting ("AGM"), provided always that each director is required to retire from office at least once in every three years. A retiring director is eligible to offer himself for re-election. This is in line with Rule 720(4) of the Catalyst Rule which provides that all directors must submit themselves for the re-nomination and re-appointment at least once every three years.

Regulation 100 of the Company's Constitution provides that a newly appointed director is required to retire and submit himself for re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation in accordance with the Company's Constitution.

The NC assesses annually and as and when circumstance requires, whether or not a director is independent based on the guidelines set out in the Code, Rule 406(3)(d) of the Catalyst Rules and any other salient factors. When considering the independence of the Directors, the NC also reviews the annual declaration by the independent Directors regarding their independence and the Directors' disclosure of interests in transactions, together with the criteria set forth in the Code and Rule 406(3)(d) of the Catalyst Rules. (Provision 4.4 of the Code)

The Board does not encourage the appointment of alternate directors. No alternate director is currently being appointed to the Board.

The Board has adopted a process for the selection, appointment and re-appointment of directors. The NC reviews the composition of the Board and its committees periodically. It assesses and shortlists candidates (sourced through contacts, recommendations, recruitment consultants or among the senior management) for a new position on the Board when a need arises. The successful candidate is then appointed as a director of the Company in accordance with the Company's Constitution. In line with Rule 406(3)(a) of the Catalyst Rules, the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX to undergo the mandatory SGX prescribed training on their roles and responsibilities within one year of their appointment unless the NC otherwise at its discretion waives the need for the newly-appointed director to attend the mandatory SGX prescribed training. (Provision 4.3 of the Code)

In appointing and re-appointing directors, the Board considers the skills and experience required in the light of:

- (a) the geographical spread and diversity of the Group's business;
- (b) the strategic direction and progress of the Group;
- (c) the current composition of the Board; and
- (d) the need for independence of the Board.

The dates of initial appointment of each director, together with his directorships in other listed companies, are set out below:

Name of Director	Appointment	Date of Initial Appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (5 years)	Principal Commitments
Koh Keng Siang	Non-Executive and Non-Independent Chairman	28 Feb 2013	26 Apr 2018	Koh Brothers Group Limited	–	CEO and Group Managing Director of Koh Brothers Group Limited
Shin Yong Seub	Executive Director and Chief Executive Officer	1 Jun 2016	17 Apr 2019	–	–	Executive Director and CEO of the Company
Lee Sok Khian John	Non-Executive and Non-Independent Director	1 Sep 2017	26 Apr 2018	Koh Brothers Group Limited	Hatten Land Limited	Executive Director of Koh Brothers Group Limited
Koh Choon Leng	Independent Director	28 Feb 2013	17 Apr 2019	–	–	Executive Director of E+HPS Pte. Ltd.
Tan Hwa Peng	Independent Director	21 Feb 2012	26 Apr 2018	–	–	–

CORPORATE GOVERNANCE REPORT

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company, especially where a director has multiple board representations or principal commitments. The NC is satisfied that sufficient time and attention has been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations or principal commitments. The Board is of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a director may hold, as each director is able to devote sufficient time and attention to the affairs of the Company. (Provision 4.5 of the Code)

The following directors are due for retirement, and will be offering themselves for re-election at the forthcoming AGM:

Koh Keng Siang
Tan Hwa Peng

Key information on the directors is set out under the “Board of Directors” section of the annual report for the year ended 31 December 2019 (the “**Annual Report**”). Additional details of the directors that are due for retirement and who will be offering themselves for re-election at the forthcoming AGM are also contained in the Section of the Annual Report entitled “Additional Information for Directors seeking re-election”.

Board Performance

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

The Board has implemented a process to be carried out by the NC for assessing its effectiveness as a whole and for assessing the contribution by each director to the effectiveness of the Board and its committees annually. The Board did not engage an external facilitator to conduct an assessment of the performance of the Board, the Board committees and each director for FY2019.

The NC reviews the Board’s and each director’s competency appraisal forms as part of the process adopted to assess the effectiveness of the Board. The outcome of the appraisal exercise is presented to the Board for its evaluation with a view to enhance the effectiveness of the Board.

Each NC member shall abstain from voting on the resolution in respect of the assessment of his performance or re-nomination as a director.

The NC reviews the Board’s performance annually based on the appraisal forms which have been approved by the Board.

The NC assesses the Board’s performance through comparison with industry peers, how the Board’s performance has enhanced long-term shareholder value and its ability to steer the Group in the right direction as well as the support it provides to Management.

The NC also evaluates each individual director’s performance based on factors such as the director’s participation, knowledge of the Group’s business and operations, contributions and commitments to the Company. (Provisions 5.1 and 5.2 of the Code)

The Chairman, where appropriate, will act on the results of the performance evaluation and propose new members to the Board or seek the resignation of directors, where appropriate.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises the following directors, 2 of whom are independent directors and all of whom are non-executive directors:

Tan Hwa Peng (Chairman)
Koh Choon Leng
Koh Keng Siang
(Provision 6.2 of the Code)

CORPORATE GOVERNANCE REPORT

The key responsibilities of the RC are to:

- (a) review and recommend to the Board for endorsement a framework of remuneration for the Board and key members of Management, and the remuneration package for each executive director and each key member of Management, covering all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (b) review and recommend to the Board for endorsement the terms of the service contract for each executive director as well as each key member of the Management; and
- (c) ensure that there is an adequate disclosure on the remuneration of directors and key members of Management. (Provisions 6.1 and 6.3 of the Code)

No individual director is involved in deciding his own remuneration. The RC will seek internal or external expert advice in furtherance of its duties where necessary. During FY2019, the Company did not engage a remuneration consultant. However, in determining the remuneration of the members of the Board, the RC took into account, amongst others, the remuneration of board members of other comparative listed issuers. (Provision 6.4 of the Code)

The RC reviews the executive directors' and key Management members' contracts of service to ensure that their contracts of service contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

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

The Company recognises that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. The Company has adopted a remuneration structure for executive director and key members of Management that promotes the long-term success of the Company. The RC ensures that the executive director's and key Management members' remuneration is commensurate with their performance and that of the Group's, taking into consideration the prevailing financial and commercial health, contribution to value creation of the Company and business needs of the Group. (Provision 7.1 of the Code)

The Company adopted an employee share plan known as "Koh Brothers Eco Engineering Limited Performance Share Plan 2017 (the "Plan") on 20 April 2017 as a long-term incentive plan for non-executive directors and employees of the Group whose services are vital to the Group's well-being and success. It is administered by the RC. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity. In addition, the Plan aims to foster an ownership culture within the Group which aligns the interests of employees with the interests of shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment. Awards granted under the Plan are principally performance-based. The RC may take into account, *inter-alia*, the medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. (Provision 7.3 of the Code)

The non-executive directors are paid directors' fees, taking into account their responsibilities, as well as the time and effort spent in carrying out their duties. The independent directors are not over-compensated such that their independence is compromised. (Provision 7.2 of the Code)

All Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting. The Company will be seeking shareholders' approval at the forthcoming AGM for the payment of S\$174,500 as directors' fees for FY2019. In determining the proposed directors' fees, the Board took into account factors such as the effort and time spent, and the increasingly onerous responsibilities of directors.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

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

The Company's procedures for developing remuneration policies, as well as the level and mix of remuneration, have been set out in detail above under Principles 6 and 7. Notwithstanding Provision 8.1 of the Code which requires the company to disclose the breakdown of the remuneration of each individual director and the CEO, due to the competitive pressures in the market, the Board has, on review, decided to disclose their remuneration in bands no wider than S\$250,000 and the total remuneration paid to all directors instead. [The Board believes that such disclosure is sufficient to enable shareholders to understand the Company's remuneration policies for directors and the CEO, and the relationship between remuneration and performance]. The total remuneration paid to the directors of the Company for FY2019 was approximately S\$705,000. The remuneration of non-executive directors is solely comprised of directors' fees. The Company has used both short term and long-term incentives such as variable bonus and share plans to motivate the CEO to deliver greater performance to the Company. Details of the shares issued pursuant to the Company's share plan are disclosed in greater detail below. A breakdown of remuneration of each director of the Company by percentage for FY2019 is set out below:

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)**	Total (%)
S\$500,000 to S\$749,999	Shin Yong Seub	4.6	87.5	4.6	3.3	100
Below S\$250,000	Koh Keng Siang	100	-	-	-	100
	Tan Hwa Peng	100	-	-	-	100
	Koh Choon Leng	100	-	-	-	100
	Lee Sok Khian John	100	-	-	-	100

Notwithstanding Provision 8.1 of the Code which requires the company to disclose the remuneration of the top five key management personnel (who are not directors or the CEO) on a named basis, the Board has, on review, decided to do so on an unnamed basis in order to maintain confidentiality taking into consideration the competitive pressures in the talent market. [The Board believes that such disclosure is sufficient to enable shareholders to understand the Company's remuneration policies for the top five key management personnel (who are not directors or the CEO), and the relationship between remuneration and performance.] The total remuneration paid to the top five key management personnel (who are not directors or the CEO) for FY2019 was approximately S\$1,498,000. A breakdown of remuneration of each of the top five key management personnel (who are not directors or the CEO of the Group) by percentage for FY2019 is set out below:

Remuneration band	Top five key management personnel (who are not directors or the CEO)	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)**	Total (%)
S\$250,000 to S\$499,999	First Executive	-	67.2	30.3	2.5	100
	Second Executive	-	87.7	8.6	3.7	100
	Third Executive	-	87.7	8.8	3.5	100
Below S\$250,000	Fourth Executive	-	91.4	8.6	-	100
	Fifth Executive	-	92.1	7.9	-	100

[Provisions 8.1 and 8.3 of the Code]

Note:

** Other benefits include transport or vehicular benefits, and/or insurance benefits.

Mr Benjamin Koh Yong Jun¹ is an employee who is also a substantial shareholder of the Company and an immediate family member of a director, and whose remuneration during FY2019 is below S\$100,000.

Note:

¹ Mr Benjamin Koh Yong Jun is the son of Mr Koh Keng Siang, the non-executive and non-independent director. (Provision 8.2 of the Code)

CORPORATE GOVERNANCE REPORT

On 22 July 2019, the Company made a grant of awards of new ordinary shares of the Company pursuant to the Plan to Mr Shin Yong Seub, the CEO and Executive Director (the "Grant"). 1,332,478 ordinary shares were issued, accepted and vested on 22 July 2019, and awards in respect of 68,000 ordinary shares to be vested in accordance with the vesting schedule and subject to certain vesting conditions were also granted to him. The share awards were granted free of payment. Further details on the Plan can be found in the Letter to Shareholders dated 28 March 2017 and details on the Grant can be found in the announcement dated 22 July 2019. All forms of remuneration and other payments and benefits paid by the Company and its subsidiaries to directors and key management personnel of the Company are disclosed in this Annual Report. (Provision 8.3 of the Code)

In addition, awards in respect of 487,800 ordinary shares to be vested in accordance with the vesting schedule and subject to certain vesting conditions were granted to employees who are neither a Director nor controlling shareholder of the Company (or an associate of a Director or controlling shareholder of the Company). The share awards were granted free of payment. Further details on the awards in respect of the 487,800 ordinary shares can be found in the announcement dated 22 July 2019. Save as disclosed above, no other grants of share awards have been made since the commencement of the Plan.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board will determine the Company's levels of risk tolerance and risk policies and the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board also oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. (Provision 9.1 of the Code)

The Board has engaged the services of the Company's internal auditor ("IA") KPMG Services Pte Ltd ("KPMG"), to assist in the Control Self-Assessment ("CSA") programme which has been implemented. Through the CSA programme, weaknesses in the control environment may be detected and reported to Management. Corrective actions are taken to strengthen the processes and prevent future occurrences. The CSA programme allows the Group to better manage risks and instill ownership among control owners and promote accountability. The Board has tasked the ARC to review the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls). Together with Management, the ARC regularly reviews the Group's businesses and operational activities to assess and manage potential risk exposure. The Group's financial risk management objectives and policies are set out in the notes to the FY2019 financial statements.

The IA prepares, on an annual basis, the internal audit plan (taking into consideration the risks identified) which is approved by the ARC. The audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems that have been put in place (including financial, operational, compliance and information technology controls). Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the ARC. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. There are no material non-compliances or lapses in internal controls which have resulted in the Board and/or the ARC being of the view that internal controls need to be strengthened or having concerns that the internal controls of the Group are inadequate.

Based on the framework of risk management controls and internal controls established and maintained, the work performed by the IA and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the ARC, is of the view that the Group's risk management and internal control systems (including its financial, operational, compliance and information technology controls), are adequate and effective. The Board has received assurance:

- (a) from the CEO and the financial controller* that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) from the CEO and other responsible key management personnel that the Company's risk management and internal control systems are adequate and effective in addressing the material risks faced by the Group in its current business environment.

(Provision 9.2 of the Code)

**Note- The Company does not have a Chief Financial Officer*

CORPORATE GOVERNANCE REPORT

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the IA. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

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

The ARC comprises the following directors, 2 of whom are independent directors and all of whom are non-executive directors:

Koh Choon Leng (Chairman)
Koh Keng Siang
Tan Hwa Peng
(Provision 10.2 of the Code)

The Board is of the view that the members of the ARC (including the Chairman) have the requisite accounting and related financial management expertise and experience to discharge their duties. At least two members, including the ARC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The ARC is empowered to investigate any matter within its terms of reference. It has full access to and co-operation from Management, and unfettered discretion to invite any director or executive officer to attend its meetings. The ARC has been given adequate resources to enable it to discharge its duties and responsibilities.

The ARC carries out its functions in accordance with the Code and the Companies Act (the "Act"), and is also guided by its terms of reference. The ARC reviews, *inter alia*, the following:

- (a) the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
 - (b) annual audit plans (internal and external);
 - (c) system of internal controls and management of financial risks;
 - (d) effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm;
 - (e) the scope and results of the external audit, and the independence and objectivity of the external auditors;
 - (f) regulatory compliance matters;
 - (g) risk management framework;
 - (h) interested person transactions; and
 - (i) financial results announcements.
- (Provision 10.1 of the Code)

In the review of the financial statements, the ARC had discussed with Management and the external auditor, and reviewed the significant matters identified by the latter as key audit matters. Following the discussions and review, the ARC recommended to the Board to approve the financial statements for FY2019.

The ARC also makes recommendations on the appointment, re-appointment and removal of auditors, and their remuneration.

The ARC meets with the external and internal auditors at least once a year without the presence of Management. (Provision 10.5 of the Code)

The ARC has reviewed all the non-audit services provided by the external auditors and is satisfied that such services would not, in the ARC's opinion, affect the independence of the external auditors.

The aggregate amount of fees paid/payable to the external auditors for audit and non-audit services are for FY2019 is set out below:

Audit services:	Auditors of the Company	-	S\$160,000
	Member firms of the auditors of the Company	-	S\$39,000
Non-audit services:	Auditors of the Company	-	S\$5,000
	Member firms of the auditors of the Company	-	S\$1,800

The Company has complied with Listing Rules 712 and 716 of the Catalist Rules in relation to appointment of auditing firms.

CORPORATE GOVERNANCE REPORT

The Company has put in place a whistle-blowing policy (reviewed by the ARC) of which employees of the Company may, in confidence, raise or report genuine concerns about possible improprieties in matters of financial reporting or other matters they may encounter without fear of retaliatory action. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken. (Provision 10.1 of the Code)

The ARC held 4 meetings in FY2019 and performed its functions and responsibilities as set out in its terms of reference.

The ARC meets regularly with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions (including significant financial reporting issues). Such meetings occur at least annually. The ARC also reviews the internal audit function to ensure that an effective system of controls is maintained within the Group.

The ARC is kept abreast by Management and the external auditors of new changes to the accounting standards, Catalist Rules, the Code and other regulations which could have an impact on the Group's businesses and financial statements.

No former or current partner or director of the Company's existing auditing firm is a member of the ARC. (Provision 10.3 of the Code)

Internal Audit

The Company has outsourced its internal audit function to a certified public accounting firm, KPMG Services Pte Ltd. The IA reports to the ARC Chairman and has full access to the ARC, documents, records, properties and staff of the Group.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' interests and the Group's businesses and assets, while Management is responsible for establishing and implementing internal control procedures in a timely and appropriate manner. The IA's role is to (a) assist the ARC in ensuring that the controls are effective and functioning as intended, (b) undertake investigations as directed by the ARC, and (c) conduct regular in-depth audits of high-risk areas.

Notwithstanding Provision 10.4 of the Code which requires the appointment, termination and remuneration of the head of the IA function to be decided by the ARC, such administrative matters are instead decided by the Management, with the ARC being constantly updated on such matters and the Board is of the view that such arrangement does not affect the objectivity of the IA. The IA plans its internal audit schedules in consultation with, but independent of Management. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. In addition, the IA may be involved in ad-hoc projects initiated by Management and require IA's assurance in specific areas of concern. The ARC is satisfied that the IA is staffed by independent, suitably qualified and experienced professionals with the relevant experience and has adequate resources to perform its function effectively. (Provision 10.4 of the Code)

The IA is a member of the Singapore branch of the Institute of Internal Auditors ("IIA"), an internal professional association which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11 *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Company is committed to treating all shareholders fairly and equitably. The Company recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

The Company ensures that there is an adequate and timely disclosure of developments in the Group or its business which would have a material impact on the Company's shares price, and such disclosure is in compliance with the Catalist Rules.

The Company invites all registered shareholders to participate and vote at the Company's general meetings. Voting and vote tabulation procedures used are disclosed before the general meetings proceed, with independent scrutineers appointed to validate the voting process and procedures. Each shareholder will receive a notice of meeting which is also advertised in the newspaper and released via SGXNet. The said notice of meeting will table the separate resolutions to be voted on at the general meeting. The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are interdependent or linked, the Company will provide the reasons and implications as to why such resolutions are required to be interdependent or linked. (Provisions 11.1 and 11.2 of the Code)

CORPORATE GOVERNANCE REPORT

All shareholders are entitled to vote by poll in accordance with the established voting rules and procedures. Notwithstanding Provision 11.4 which requires absentia voting at general meetings of shareholders to be made available, voting in absentia and by mail, facsimile or email is currently not permitted as current measures that may be implemented may be unable to ensure the integrity of the information and the authenticity of the shareholders' identities. Shareholders who are unable to attend the meetings are instead encouraged to vote via proxy. An announcement of the detailed results is made after the conclusion of the general meeting. (Provisions 11.1 and 11.4 of the Code)

Under the multiple proxy regime, "relevant intermediaries" (such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board (CPF)), are allowed to appoint more than 2 proxies to attend, speak and vote at the Company's general meetings. This will enable indirect investors (including CPF investors) to be appointed as proxies to participate at these meetings.

The Board, Financial Controller and external auditors are present at the general meetings to address shareholders' queries or concerns about the Company's financial performance, the audit or the auditor's report. All directors were present at the last AGM held on 17 April 2019. (Provision 11.3 of the Code)

Minutes of the Company's general meetings, which will be published as soon as practicable, can be found at the Company's corporate website. (Provision 11.5 of the Code)

The Company strives to provide consistent and sustainable dividend payments to shareholders based on the Company's profitability, cash position, working capital needs, capital expenditure plan, investment and business opportunities and market conditions. It aims to balance returns to shareholders with a need for long term sustainable growth.

The Board has recommended a final dividend of 0.05 cent per share for FY2019. The proposed dividend is subject to shareholders' approval at the upcoming AGM. (Provision 11.6 of the Code)

ENGAGEMENT WITH SHAREHOLDERS

Principle 12 *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Company invites and encourages all registered shareholders to participate and vote at the Company's general meetings as general meetings are the principal forum for dialogue with shareholders. Sufficient time is allocated for question and answer sessions during which shareholders may raise questions or share their views about the proposed resolutions, the Group's business affairs and financial performance. This enables the Board to gather shareholders' views and address any of the shareholders' concerns. (Provision 12.1 of the Code)

The Company embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Company conveys pertinent information to shareholders and complies with the guidelines set out in the Catalist Rules when disclosing information.

The Company does not practice selective disclosure of price sensitive information. The Company discloses quarterly financial results, and any significant transactions and developments via SGXNet in a timely manner. The financial results are also available on the Company's website (www.kohbrotherseco.com). The corporate website also contains various other investor-related information on the Company that serves as important resources for investors. (Provision 12.2 of the Code)

The Board encourages shareholders to participate actively during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on the Group's businesses. Following any release of earnings or price sensitive developments, the Company's investor relations consultant is available by email or telephone to answer questions from shareholders and the media, as long as the information requested does not conflict with the Catalist Rules of fair disclosure. (Provision 12.3 of the Code)

Principle 13 *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Company has identified stakeholders that are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through a variety of channels to ensure that the business interests of the Group are balanced against that of the stakeholders. More information on the Company's stakeholder engagement, including its strategy and key areas of focus can be found in the Company's Sustainability Report 2019 which is at page 10. (Provisions 13.1 and 13.2 of the Code)

The Company maintains a corporate website at www.kohbrotherseco.com to engage its stakeholders. (Provision 13.3 of the Code)

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (“IPTs”)

Shareholders approved the renewal of a general mandate for IPTs at the AGM on 17 April 2019. The mandate sets out the levels and procedures for obtaining approval for such transactions. The IPTs entered during FY2019 are disclosed as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
<u>Transactions for the Sale of Goods and Services</u>		
KBD Westwood Pte. Ltd.	-	819
KBD Holland Pte. Ltd.	-	2,500
<u>Transactions for the Purchase of Goods and Services</u>		
G & W Ready-Mix Pte Ltd	-	1,822
G & W Precast Pte Ltd	-	143
G & W Industries Pte Ltd	-	748
Hi Con (S) Pte. Ltd.	-	140
Koh Brothers Group Limited	-	2,471
Koh Brothers Holdings Pte Ltd	-	457
Kosland Pte. Ltd.	-	116

MATERIAL CONTRACTS

No material contracts were entered into between the Company or any of its subsidiaries involving the interest of the CEO, any director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except for the related party transactions and directors' remunerations disclosed in the financial statements.

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code on dealings in the Company's securities. The Company has issued share trading guidelines to all directors, employees of executive level and above, and personal assistants. They are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements (if the issuer announces its quarterly financial statements, whether required by the Exchange or otherwise), or one month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements). In addition, they are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short-term considerations.

NON-SPONSOR FEE

During the financial year ended 31 December 2019, the Sponsor did not provide any other non-sponsor services to the Company and there were no non-sponsor fees paid during this period.

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

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

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 41 to 91 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Koh Keng Siang
Shin Yong Seub
Koh Choon Leng
Tan Hwa Peng
Lee Sok Khian John

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than under the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 ("KBE PSP").

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2019	At 1.1.2019	At 31.12.2019	At 1.1.2019
The Company				
<u>Ordinary shares</u>				
Koh Keng Siang	13,120,000	13,120,000	1,314,369,607	1,114,369,607
Shin Yong Seub	1,339,278	-	-	-
<u>Warrants 2017</u>				
Koh Keng Siang	2,815,195	2,815,195	218,444,432	218,444,432
<u>Warrants 2018</u>				
Koh Keng Siang	4,388,846	4,388,846	233,000,000	433,000,000
<u>Unvested Performance shares⁽¹⁾ to be delivered after 2019</u>				
Shin Yong Seub	61,200 ⁽²⁾	-	-	-
Immediate and ultimate holding corporation				
- Koh Brothers Group Limited				
<u>Ordinary shares</u>				
Koh Keng Siang	29,822,535	29,822,535	60,020,000	60,020,000
<u>S\$70 million 5.1% fixed rate notes due 2022</u>				
Koh Keng Siang	-	-	S\$250,000	S\$250,000
Lee Sok Khian John	-	-	S\$500,000	S\$250,000

⁽¹⁾ Performance shares are shares under awards pursuant to the KBE PSP.

⁽²⁾ The shares will vest in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of grant, subject to certain vesting conditions.

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

PERFORMANCE SHARE PLAN

The Company's KBE PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 20 April 2017. The duration of KBE PSP is 10 years commencing 20 April 2017. The participants of the KBE PSP will receive fully paid KBE shares free of charge. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity.

The share plan is administered by the Remuneration Committee (RC) of the Company. The RC members as at the date of this statement are Tan Hwa Peng (Chairman), Koh Choon Leng and Koh Keng Siang.

The summary of the total number of shares granted, vested and outstanding as at 31 December 2019 is as follows:

<u>Participants who received less than 5% of the total number of shares available under KBE PSP</u>	Shares granted during financial year	Aggregate shares granted since commencement of KBE PSP to 31.12.2019	Aggregate shares vested under KBE PSP since commencement of KBE PSP to 31.12.2019	Aggregate unvested shares outstanding as at 31.12.2019⁽¹⁾
Shin Yong Seub	1,400,478	1,400,478	1,339,278	61,200
Other staff	487,800	487,800	48,780	439,020
	1,888,278	1,888,278	1,388,058	500,220

⁽¹⁾ The shares will vest in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of grant, subject to certain vesting conditions.

SHARE OPTIONS

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

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

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

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the end of the financial year are as follows:

Koh Choon Leng (Chairman)
Tan Hwa Peng
Koh Keng Siang

All members of the Audit and Risk Committee are non-executive directors. Koh Choon Leng and Tan Hwa Peng are independent directors.

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Koh Keng Siang
Director
19 March 2020

Shin Yong Seub
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

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

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2019;
- the balance sheet of the Group as at 31 December 2019;
- the balance sheet of the Company as at 31 December 2019;
- the consolidated statement of changes in equity for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We have 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

OUR AUDIT APPROACH *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Accounting for construction contracts</p> <p><i>Refer to Note 3(a) and Note 4</i></p> <p>During the financial year ended 31 December 2019, contract revenue amounted to S\$287.4 million (2018: S\$325.7 million) and it represented 99% (2018: 99%) of the total revenue of the Group.</p> <p>The Group uses the input method (i.e. "cost-to-cost" method) to measure project progress and recognise contract revenue in accordance with SFRS(I) 15 Revenue from Contracts with Customers.</p> <p>We focused on the accuracy of revenue recognition and adequacy of provision for onerous contracts due to the significant management judgement required in determining the total contract sum and the total contract costs.</p>	<p>We obtained an understanding of the projects under construction through discussions with management and project managers, assessed the appropriateness of the method selected for individual projects to measure project progress and recognise contract revenue, and examined project documentation (including contracts, correspondences with customers on delays or extension of time).</p> <p>In relation to total contract sum for project in progress, our audit procedures included the following:</p> <ul style="list-style-type: none"> • agreed total contract sums to contract entered into by the Group and its customer; • inspected correspondences with customers and supporting documents by the Group's specialists relating to variation orders included in total contract sums; • agreed variation orders with agreed prices included in total contract sums to surveyor/architect's certification; and • assessed the adequacy of the amount of liquidated damages to be net off against contract sums, based on our understanding of the projects. <p>In relation to total contracts costs, our audit procedures included the following:</p> <ul style="list-style-type: none"> • traced the cost to complete for each project by substantiating costs that have been committed to quotations and contracts entered; • tested the reasonableness of the cost to complete for selected projects, focusing on those with significant activities during the year; and • assessed the reasonableness of cost incurred against our understanding of the project. <p>Based on the audit procedures performed above, we have assessed management's estimates to be reasonable.</p> <p>We then recomputed the percentage of completion based on actual cumulative contract cost incurred as a portion of total contract costs, cumulative contract revenue and the contract revenue for the current financial year as well as the amount of provision for onerous contract (where relevant) for each project, and traced to the accounting records and found it to be appropriate.</p> <p>We have also assessed the adequacy of the disclosures of the key accounting estimates and the sensitivity and found the disclosures in the financial statements to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

OUR AUDIT APPROACH *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill <i>Refer to Note 3(b) and Note 22</i>	
<p>The goodwill of S\$6.9 million (2018: S\$6.9 million) at 31 December 2019 relates to the "Bio-Refinery and Bio-Energy" cash generating unit ("CGU").</p> <p>In accordance with SFRS(I), the Group performs an impairment test for the CGU to assess whether the goodwill might be impaired.</p> <p>The test performed by the Group did not result in an impairment of goodwill since the recoverable amount based on future cash flows exceeded the carrying amount of goodwill and other net assets.</p> <p>The assumptions, sensitivities and results of the tests performed are disclosed in Note 22 to the financial statements. We focused on this area because of the significant judgement involved in determining inputs for certain assumptions used in the model and the dependency on future market circumstances.</p>	<p>In respect of the assumptions which were most sensitive to changes in terms of the impact on the valuation, our procedures included the following:</p> <ul style="list-style-type: none"> involved internal specialists in assessment on the appropriateness of the discount rate; validated terminal growth rate used by corroborating against the long-term average growth rate in the country which the CGU operates in; and corroborated gross margin used against historical margin of the CGU. <p>Based on the audit procedures performed above, we have assessed management's assumptions to be appropriate.</p> <p>We have also assessed the adequacy of the disclosures of the key assumptions and the sensitivities and found the disclosures in the financial statements to be appropriate.</p>

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

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 Yeow Chee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 19 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
Revenue	4(a)	290,623	328,815
Cost of sales	7	(274,280)	(314,202)
Gross profit		16,343	14,613
Other income	5	202	312
Other gains - net	6	949	2,863
Expenses			
- Selling and distribution			
- Reversal of/(allowance for) impairment of trade receivables	7	572	(138)
- Others	7	(551)	(716)
- Administrative	7	(8,620)	(9,175)
- Finance	9	(2,345)	(1,055)
Share of profit of associated companies	18	375	317
Profit before income tax		6,925	7,021
Income tax expense	10(a)	(748)	(1,081)
Profit after income tax		6,177	5,940
Profit attributable to:			
Equity holders of the Company		5,654	5,607
Non-controlling interests		523	333
		6,177	5,940
Earnings per share for profit attributable to the equity holders of the Company:			
- Basic earnings per share (in cent)	11(a)	0.33	0.47
- Diluted earnings per share (in cent)	11(b)	0.33	0.47
Profit after income tax		6,177	5,940
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	26(c)	39	(253)
Financial assets, at FVOCI			
- Fair value (loss)/gain - debt instruments	26(b)	(40)	48
Other comprehensive loss, net of tax		(1)	(205)
Total comprehensive income		6,176	5,735
Total comprehensive income attributable to:			
Equity holders of the Company		5,647	5,427
Non-controlling interests		529	308
		6,176	5,735

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

BALANCE SHEET – GROUP

As at 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
ASSETS			
Current assets			
Cash and bank balances	12	47,206	20,553
Trade and other receivables	13	44,085	53,536
Contract assets	4(b)	132,974	105,077
Inventories	14	216	116
Financial assets, at fair value through profit or loss	15	-	-
Financial assets, at FVOCI	16	709	763
Income tax receivables	10(b)	552	773
Other assets	17	6,275	3,229
		232,017	184,047
Non-current assets			
Trade and other receivables	13	-	5,640
Contract assets	4(b)	2,411	10,882
Investment in associated companies	18	2,140	1,765
Property, plant and equipment	20	71,365	40,854
Goodwill	22	6,857	6,857
Deferred tax assets	10(d)	52	52
		82,825	66,050
Total assets		314,842	250,097
LIABILITIES			
Current liabilities			
Trade and other payables	23	101,200	98,803
Contract liabilities	4(b)	12,447	4,990
Bank borrowings and lease liabilities	24	64,517	45,895
		178,164	149,688
Non-current liabilities			
Trade and other payables	23	3,820	4,808
Bank borrowings and lease liabilities	24	25,354	1,632
Deferred tax liabilities	10(d)	523	494
		29,697	6,934
Total liabilities		207,861	156,622
NET ASSETS		106,981	93,475
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	83,983	73,145
Warrants reserve	26(a)	3,724	4,507
Currency translation reserve	26(c)	(2,484)	(2,517)
Other reserves	26(b)	(643)	(607)
Retained profits		19,958	15,868
		104,538	90,396
Non-controlling interests		2,443	3,079
Total equity		106,981	93,475

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

BALANCE SHEET – COMPANY

As at 31 December 2019

	Note	2019 S\$'000	2018 S\$'000
ASSETS			
Current assets			
Cash and bank balances	12	250	429
Trade and other receivables	13	20,740	12,496
		20,990	12,925
Non-current assets			
Trade and other receivables	13	29,000	30,000
Investment in an associated company	18	640	640
Investments in subsidiaries	19	47,438	37,238
Property, plant and equipment	20	1	6
		77,079	67,884
Total assets		98,069	80,809
LIABILITIES			
Current liabilities			
Trade and other payables	23	3,214	968
Total liabilities		3,214	968
NET ASSETS		94,855	79,841
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	83,983	73,145
Warrants reserve	26(a)	3,724	4,507
Other reserve	26(b)	4	-
Retained profits		7,144	2,189
Total equity		94,855	79,841

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

← Attributable to equity holders of the Company →								
Note	Share capital S\$'000	Warrants reserve S\$'000	Currency translation reserve S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2019								
Balance at 1 January	73,145	4,507	(2,517)	(607)	15,868	90,396	3,079	93,475
Profit for the financial year	-	-	-	-	5,654	5,654	523	6,177
Other comprehensive income/(loss) for the financial year	-	-	33	(40)	-	(7)	6	(1)
Total comprehensive income/(loss) for the financial year	-	-	33	(40)	5,654	5,647	529	6,176
Issuance of new shares pursuant to Performance Share Plan	26	55	-	-	-	55	-	55
Exercise of warrants	26	10,783	(783)	-	-	10,000	-	10,000
Share based payment pursuant to Performance Share Plan	-	-	-	4	-	4	-	4
Dividend paid	27	-	-	-	(1,564)	(1,564)	(1,165)	(2,729)
Total transactions with owners, recognised directly in equity	10,838	(783)	-	4	(1,564)	8,495	(1,165)	7,330
Balance at 31 December	83,983	3,724	(2,484)	(643)	19,958	104,538	2,443	106,981
2018								
Balance at 1 January	52,143	2,482	(2,289)	(655)	11,308	62,989	3,045	66,034
Profit for the financial year	-	-	-	-	5,607	5,607	333	5,940
Other comprehensive (loss)/income for the financial year	-	-	(228)	48	-	(180)	(25)	(205)
Total comprehensive (loss)/income for the financial year	-	-	(228)	48	5,607	5,427	308	5,735
Issuance of rights cum warrants	26	21,262	2,025	-	-	23,287	-	23,287
Share issuance expenses	26	(260)	-	-	-	(260)	-	(260)
Dividend paid	27	-	-	-	(1,047)	(1,047)	(274)	(1,321)
Total transactions with owners, recognised directly in equity	21,002	2,025	-	-	(1,047)	21,980	(274)	21,706
Balance at 31 December	73,145	4,507	(2,517)	(607)	15,868	90,396	3,079	93,475

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	Group	
		2019 S\$'000	2018 S\$'000
Cash flows from operating activities			
Profit after income tax		6,177	5,940
Adjustments for:			
- Income tax expense		748	1,081
- Depreciation of property, plant and equipment		14,042	6,634
- Gain on disposal of property, plant and equipment		(828)	(2,258)
- Fair value loss on financial assets at fair value through profit or loss		-	37
- Share of profit of associated companies		(375)	(317)
- Interest expense		2,345	1,055
- Interest income		(167)	(174)
- Unrealised translation loss/(gain)		209	(460)
		22,151	11,538
Changes in working capital:			
- Trade and other receivables		9,458	5,714
- Inventories		(100)	74
- Contract assets and liabilities		(11,969)	(60,667)
- Other assets		(3,046)	1,980
- Trade and other payables		1,464	(1,539)
Cash provided by/(used in) operations		17,958	(42,900)
Income tax paid		(497)	(2,240)
Net cash provided by/(used in) operating activities		17,461	(45,140)
Cash flows from investing activities			
Purchase of property, plant and equipment		(21,087)	(16,338)
Disposal of property, plant and equipment		1,473	4,098
Proceeds from redemption of financial assets, at FVOCI		14	50
Interest received		159	211
Net cash used in investing activities		(19,441)	(11,979)
Cash flows from financing activities			
Deposit released		-	1,355
Proceeds from bank borrowings		36,550	34,539
Proceeds from rights cum warrants issue		-	23,287
Proceeds from exercise of warrants		10,000	-
Share issuance expenses		-	(260)
Repayment of bank borrowings		(3,800)	-
Repayment of lease liabilities		(8,875)	(2,657)
Dividends paid to equity holders of the Company		(1,564)	(1,047)
Dividends paid to non-controlling interest		(1,165)	(274)
Interest paid		(2,341)	(988)
Net cash provided by financing activities		28,805	53,955
Net change in cash and bank balances		26,825	(3,164)
Beginning of financial year		20,553	23,509
Effect of currency translation on cash and bank balances		(172)	208
End of financial year	12	47,206	20,553

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

Reconciliation of liabilities arising from financing activities

	Beginning of financial year S\$'000	Net cash flows S\$'000	Non-cash changes			End of financial year S\$'000
			Adoption of SFRS(I) 16 S\$'000	Acquisition of property, plant and equipment S\$'000	Conversion of bank borrowings to lease liabilities S\$'000	
2019						
Bank borrowings (Note 24)	43,339	32,750	-	-	(11,839)	64,250
Finance leases (Note 25)	4,188	-	(4,188)	-	-	-
Lease liabilities (Note 24)	-	(8,875)	8,165	14,492	11,839	25,621
2018						
Bank borrowings (Note 24)	8,800	34,539	-	-	-	43,339
Finance leases (Note 25)	5,122	(2,657)	-	-	1,723	4,188

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

1. General information

Koh Brothers Eco Engineering Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 11 Lorong Pendek, Koh Brothers Building, Singapore 348639.

The principal activities of the Company are those of project management and investment holding.

The principal activities of its subsidiaries, joint operation entities and associated companies are disclosed in Note 33 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2019

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

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

Adoption of SFRS(I) 16 Leases

(a) When the Group is the lessee

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

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.9.

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

- (i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (iii) On a lease-by-lease basis, the Group has:
 - (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
 - (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Adoption of SFRS(I) 16 *Leases (continued)*

(a) When the Group is the lessee *(continued)*

There were no onerous contracts as at 1 January 2019.

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

- (i) The Group chose to measure its ROU assets at a carrying amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor except when the Group is an intermediate lessor. However, there is no such arrangements entered into by the Group.

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

	Increase S\$'000
Property, plant and equipment – ROU assets	3,977
Bank borrowings and lease liabilities	
- Current	2,471
- Non-current	1,506

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

	S\$'000
Operating lease commitment disclosed as at 31 December 2018 [Note 28(a)]	7,013
Less: Short-term leases	(871)
Less: Low-value leases	(17)
Less: Retrospective modification of an intercompany lease entered into before 1 January 2019	(2,038)
Less: Discounting effect using weighted average incremental borrowing rate of 2.84%	(110)
Add: Finance lease liabilities recognised as at 31 December 2018 [Note 25]	4,188
Lease liabilities recognised as at 1 January 2019	<u>8,165</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.2 Revenue recognition

(a) Contract revenue

The Group provides engineering and construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

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

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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

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

(b) Sale of goods

Revenue from sale of goods is recognised at a point in time when the Group has delivered the products to the customer and the customer has accepted the products.

(c) Rendering of services

Revenue from services is recognised in the accounting period when services are rendered.

(d) Rental income

Rental income is recognised as disclosed in Note 2.9(b) "Leases - when the Group is the lessor".

(e) Interest income

Interest income is recognised using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the Note 2.5 "Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

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

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

Please refer to Note 2.6 "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.3 Group accounting *(continued)*

(b) Transactions with non-controlling interests

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

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated companies and are included in the carrying amounts of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associated company is changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investment in an associated company is derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

Please refer to Note 2.6 "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenue and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.4 Property, plant and equipment

(a) Measurement

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

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

(b) Depreciation

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

	Useful lives
Leasehold land and buildings	2 - 92 years
Machinery and equipment	5 - 10 years
Renovation	5 years
Motor vehicles	2 - 5 years
Office equipment and computers	3 - 10 years
Furniture and fittings	2 - 10 years

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within Note 6 "Other gains - net".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.5 Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair values of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated company represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated company is included in the carrying amount of the investments.

Gains and losses on disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.6 Investments in subsidiaries and associated companies

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

2.7 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment

ROU assets

Investments in subsidiaries and associated companies

Property, plant and equipment, ROU assets and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets at fair value through profit or loss which are recognised at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables, and listed debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains - net" and "Other income" respectively.

(iii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in Note 6 "Other gains - net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments for enhancement of return on capital and the Group considers this to be more relevant. Dividends from equity investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.8 Financial assets *(continued)*

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, other receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

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

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

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

On disposal of an equity investment, the difference between the carrying amount and sale proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income.

2.9 Leases

The accounting policy for leases before 1 January 2019 are as follows:

(a) When the Group is the lessee:

(i) Lessee - Finance leases

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

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

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

(iii) Lessee - Operating leases

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

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

(b) When the Group is the lessor:

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as an income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.9 Leases *(continued)*

The accounting policy for leases from 1 January 2019 are as follows:

(a) When the Group is the lessee:

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

(i) ROU assets

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

These ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

ROU assets are presented within "Property, plant and equipment".

(ii) Lease liabilities

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

Lease payments include the following:

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

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

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

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

Lease liability is remeasured with a corresponding adjustment to the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

(iii) Short term and low value leases

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

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. There are no variable lease payments for the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.10 Borrowings

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

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

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.13 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred income tax is measured:

- (a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.14 Provisions

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.15 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on grant date.

At each balance sheet date, the Group revises its estimates of the number of shares that are expected to be awarded on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

When the shares are awarded, the related balance previously recognised in the share-based payment reserve are credited to the share capital account, when new ordinary shares are issued.

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of assets under construction. This includes those costs on borrowings acquired specifically for the construction of assets under construction, as well as those in relation to general borrowings used to finance the construction of assets under construction.

2.17 Currency translation

(a) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies *(continued)*

2.17 Currency translation *(continued)*

(b) Transactions and balances

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

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

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within Note 6 "Other gains - net".

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

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.18 Segment reporting

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

2.19 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and bank balances.

2.20 Share capital and warrants

Ordinary shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and warrants are deducted against the share capital and warrant reserve accounts.

When the warrants are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the warrants reserve are credited to the share capital account, when new ordinary shares are issued.

Upon expiry of unexercised warrants, the balance previously recognised in the warrants reserve is transferred to retained profits directly.

2.21 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimation of total contract sum and contract costs for construction contracts

The Group has significant ongoing construction contracts as at 31 December 2019 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract sum and total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and total contract which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. Estimation of total contract sum also includes an estimation of the value of the variation orders that are recoverable from the customers. In making these estimates, management has relied on past experience and the work of specialists.

If the estimated total contract sum decrease by 0.1% from management's estimates, the Group's profit before income tax will decrease by approximately S\$1,289,000.

If the remaining estimated contract costs increase by 1% from management's estimates, the Group's profit before income tax will decrease by approximately S\$1,495,000.

(b) Assessment on impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. In performing the impairment assessment of the carrying amount of goodwill (Note 22), the recoverable amount of the "Bio-Refinery and Bio-Energy" cash-generating unit ("CGU") in which goodwill has been attributable to, is determined using value-in-use (VIU) calculations.

Significant judgements are used to estimate the gross margin, terminal growth rate and discount rate applied in computing the recoverable amounts of the CGU. In making these estimates, management has relied on past performance, its expectation of market developments in Malaysia, and the industry trends for the CGU. Specific estimates are disclosed in Note 22. Management is of the view that no impairment of the CGU was required as at 31 December 2019.

Management has performed a sensitivity analysis and noted that a reasonably possible change in the key assumptions will not result in an impairment.

4. Revenue

(a) Disaggregation of revenue from contracts with customers

	Group	
	2019 S\$'000	2018 S\$'000
Engineering and Construction		
Contract revenue	263,884	301,511
Rendering of services	-	5
	263,884	301,516
Bio-Refinery and Bio-Energy		
Contract revenue	23,500	24,228
Sales of goods	3,239	3,071
	26,739	27,299
Total	290,623	328,815

Revenue from the Engineering and Construction segment is mainly derived from customers in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. Revenue (continued)

(b) Contract assets and liabilities

	Group	
	31 December	1 January
	2019	2018
	S\$'000	S\$'000
Contract assets		
Current		
Construction contracts	132,974	61,160
Non-current		
Construction contracts	2,411	25,431
	135,385	86,591
Contract liabilities		
Current		
Construction contracts	12,447	36,289

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts. The increase in contract assets was mainly due to revenue being recognised during the financial year and timing of billing to the customers.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts. The increase in contract liabilities was mainly due to advances received from customers during the financial year.

(i) Revenue recognised in relation to contract balances

	Group
	2019
	S\$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period	
- Construction contracts	4,341
	36,289

(ii) Unsatisfied performance obligations

Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December	
- Construction contracts	696,581
	529,422

Management expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 31 December 2019 will be recognised as revenue as the Group continue to perform to complete the construction, which is expected to occur over the next few years up to 2027 (2018: 2025). The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

(c) Trade receivables from contracts with customers

	Group	
	31 December	1 January
	2019	2018
	S\$'000	S\$'000
Current assets		
Trade receivables from contracts with customers (Note 13)	34,117	58,902
Less: Allowance for impairment (Note 13)	(1,008)	(2,521)
	33,109	56,381

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5. Other income

	Group	
	2019	2018
	S\$'000	S\$'000
Interest income	167	174
Rental income	-	42
Other income	35	96
	202	312

6. Other gains – net

Fair value loss on financial assets, at fair value through profit or loss (Note 15)	-	(37)
Gain on disposal of property, plant and equipment	828	2,258
Net foreign exchange gain	121	642
	949	2,863

7. Expenses by nature

(Reversal of)/allowance for impairment of trade receivables	(572)	138
Changes in inventories of raw material, work-in-progress and finished goods	(100)	74
Sales commission expenses	343	656
Depreciation of property, plant and equipment (Note 20)	14,042	6,634
Employee compensation (Note 8)	46,710	45,879
Freight, shipping, transport and travelling expenses	935	735
Legal and professional fees	1,823	1,587
Purchases of raw material, finished goods, consumables and subcontractor costs	215,237	261,123
Rental expense	2,865	5,015
Other expenses	1,596	2,390
	282,879	324,231

8. Employee compensation

Salaries, bonus and other costs	44,397	43,316
Share-based compensation expense [Note 26(b)(ii)]	59	-
Employer's contribution to defined contribution plans, including Central Provident Fund	2,254	2,563
	46,710	45,879

Compensation to key management personnel, including directors' remuneration is separately disclosed in Note 30(b).

9. Finance expenses

Interest expense		
- Bank borrowings	1,750	918
- Lease liabilities/finance leases	595	137
	2,345	1,055

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. Income taxes

(a) Income tax expense

	Group	
	2019	2018
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax [Note 10(b)]	848	629
- Deferred income tax [Note 10(c)]	40	340
	888	969
(Over)/under provision in prior financial years		
- Current income tax [Note 10(b)]	(129)	81
- Deferred income tax [Note 10(c)]	(11)	31
	748	1,081

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

Profit before income tax	6,925	7,021
Share of profit of associated companies	(375)	(317)
Profit before income tax and share of profit of associated companies	6,550	6,704
Tax calculated at tax rate of 17% (2018: 17%)	1,114	1,140
Effects of:		
Expenses not deductible for tax purposes	111	259
Income not subject to tax	(439)	(493)
Statutory stepped income exemption	-	(26)
Different tax rates of overseas operations	254	131
Unrecognised deferred tax benefits	75	-
(Under)/over provision in prior financial years	(140)	112
Utilisation of previously unrecognised:		
- Tax losses	(59)	(14)
- Capital allowances	(163)	-
Others	(5)	(28)
Tax charge	748	1,081

(b) Movement in current income tax receivables

Balance at 1 January	(773)	751
Currency translation differences	(1)	6
Income tax paid	(497)	(2,240)
Tax expense [Note 10(a)]	848	629
(Over)/under provision in prior financial years [Note 10(a)]	(129)	81
Balance at 31 December	(552)	(773)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. Income taxes (continued)

(c) Deferred income tax

The movement in the net deferred income tax account is as follows:

Group	2019 S\$'000	2018 S\$'000
Balance at 1 January	442	76
Currency translation differences	-	(5)
Charged to profit or loss [Note 10(a)]	29	371
Balance at 31 December	471	442

(d) Movement in deferred income tax

Movements in the Group's deferred income tax liabilities and assets (prior to offsetting of the balances within the same tax jurisdiction) during the financial year are as follows:

Deferred income tax liabilities

Group	Accelerated tax depreciation S\$'000	Unrealised foreign exchange gain S\$'000	Total S\$'000
2019			
Balance at 1 January	494	-	494
Charged to profit or loss	-	29	29
Balance at 31 December	494	29	523
2018			
Balance at 1 January	470	-	470
Charged to profit or loss	24	-	24
Balance at 31 December	494	-	494

Deferred income tax assets

Group	Provisions S\$'000
2019	
Balance at 1 January and 31 December	(52)
2018	
Balance at 1 January	(394)
Currency translation differences	(5)
Charged to profit or loss	347
Balance at 31 December	(52)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

Group	2019 S\$'000	2018 S\$'000
Deferred tax assets	52	52
Deferred tax liabilities	(523)	(494)
Net deferred income tax liabilities	(471)	(442)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. Income taxes (continued)

(e) Unutilised tax losses and unabsorbed capital allowances

As at 31 December 2019, the Group has unutilised tax losses of approximately S\$17,607,000 (2018: S\$19,752,000) and unabsorbed capital allowances of approximately S\$nil (2018: S\$960,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation, be carried forward and utilised against future taxable profits. The unutilised tax losses do not have expiry date. The deferred tax benefits on the unutilised tax losses of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation.

(f) There is no tax charge relating to each component of other comprehensive income.

11. Earnings per share

(a) Basic earnings per share

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

	Group	
	2019	2018
Net profit attributable to equity holders of the Company (S\$'000)	5,654	5,607
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,690,776	1,182,744
Basic earnings per share (in cent)	0.33	0.47

(b) Diluted earnings per share

There is no dilution of earnings per share for the financial years ended 31 December 2019 and 2018. The Company's warrants (Note 26) are not included in the calculation of diluted earnings per share above because they are antidilutive for the financial years presented.

12. Cash and bank balances

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

	Group		Company	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	27,577	20,553	250	429
Fixed deposits	19,629	-	-	-
	47,206	20,553	250	429

The carrying amounts of fixed deposits approximate their fair values, as the fixed deposits bear interest at variable rates which can be re-priced within a period of up to 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
<u>Trade receivables</u>				
Due from related corporations	800	28	-	-
Due from subsidiaries	-	-	15,729	9,852
Due from non-related parties	33,317	46,821	208	684
	34,117	46,849	15,937	10,536
Less: Allowance for impairment of trade receivables	(1,008)	(2,654)	(168)	(168)
Trade receivables - net	33,109	44,195	15,769	10,368
<u>Other receivables</u>				
Deposits	2,191	2,846	-	-
Due from non-related parties	7,266	5,730	-	296
Due from subsidiaries	-	-	4,971	1,832
Due from related corporations	1,519	765	-	-
	44,085	53,536	20,740	12,496
Non-current				
<u>Other receivables</u>				
Prepayments [Note 13(iii)]	-	5,640	-	-
Due from a subsidiary [Note 13(iv)]	-	-	29,000	30,000
	-	5,640	29,000	30,000

- (i) Write-back of allowance for impairment of trade receivables of S\$572,000 (2018: allowance for impairment of S\$138,000) is recognised as reversal of expense (2018: expense) and included in "selling and distribution expenses".
- (ii) The current non-trade amounts due from subsidiaries and related corporations are unsecured, interest-free and are repayable on demand.
- (iii) Non-current prepayments pertain to prepayments for certain property, plant and equipment which were not delivered on site as at 31 December 2018. These equipment were subsequently received and recognised in property, plant and equipment in 2019.
- (iv) The non-current other receivables due from a subsidiary are unsecured and bear an interest rate of 1% (2018: 1%) per annum and are due on 31 December 2022 (2018: 31 December 2020). The carrying amounts of non-current other receivables due from a subsidiary approximate their fair values and are denominated in Singapore Dollar.

14. Inventories

	Group	
	2019	2018
	S\$'000	S\$'000
Finished goods	216	116

The cost of inventories recognised as an expense and included in "cost of sales" amounts to S\$998,000 (2018: S\$618,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. Financial assets, at fair value through profit or loss

	Group	
	2019 S\$'000	2018 S\$'000
Balance at 1 January	-	37
Fair value loss during the financial year (Note 6)	-	(37)
Balance at 31 December	-	-

The instruments are all mandatorily measured at fair value through profit or loss.

16. Financial assets, at FVOCI

Balance at 1 January	763	765
Disposal	(14)	(50)
Fair value (loss)/gain recognised in other comprehensive income [Note 26(b)(i)]	(40)	48
Balance at 31 December	709	763

Listed securities:

- Singapore Dollar corporate fixed rate notes of 3.00% to 4.00% (2018: 4.00% to 5.85%) per annum due between October 2021 to October 2026 (2018: between October 2021 to June 2022)

709	763
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Financial assets, at FVOCI are classified as current assets as management intends to hold to collect contractual cash flows and to dispose these assets within 12 months after balance sheet date.

17. Other assets

	Group	
	2019 S\$'000	2018 S\$'000 (restated)
Project consumables	6,275	3,229

Project consumables are non-project specific in nature. These are carried at lower of cost or net realisable value. The comparative figure has been reclassified from contract fulfilment cost to project consumables to better reflect the nature of this balance.

18. Investment in associated companies

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Unquoted equity shares, at cost				
Balance at 1 January and 31 December			640	640
Balance at 1 January	1,765	1,448		
Share of profit	375	317		
Balance at 31 December	2,140	1,765		

Details of the associated companies are set out in Note 33. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group, except for SDK Consortium which is incorporated as a partnership; the country of incorporation is also their principal place of business.

There is no associated company as at 31 December 2019 and 2018, which in the opinion of the directors, is material to the Group.

There are no contingent liabilities relating to the Group's interest in the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. Investments in subsidiaries

	2019 S\$'000	2018 S\$'000
Company		
Unquoted equity shares, at cost		
Balance at 1 January	37,338	37,338
Additional capital injection into an existing subsidiary	11,000	-
	48,338	37,338
Less: Allowance for impairment	(900)	(100)
Balance at 31 December	47,438	37,238

Details of the subsidiaries are set out in Note 33.

Group

Carrying value of non-controlling interests

Oiltek Sdn. Bhd. and its subsidiary	2,443	3,079
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There was no transaction with non-controlling interests for the financial years ended 31 December 2019 and 2018.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Oiltek Sdn. Bhd. and its subsidiary, which has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

	Oiltek Sdn. Bhd. and its subsidiary	
	2019 S\$'000	2018 S\$'000
Summarised statement of comprehensive income		
Revenue	26,384	27,656
Profit before income tax	3,501	2,017
Income tax expense	(649)	(636)
Profit after tax and total comprehensive income	2,852	1,381
Dividends paid to non-controlling interests	1,165	274
Summarised balance sheet		
Current		
Assets	24,725	23,337
Liabilities	(13,696)	(9,429)
Total current net assets	11,029	13,908
Non-current		
Assets	1,121	1,186
Total non-current net assets	1,121	1,186
Net assets	12,150	15,094
Summarised cash flows		
Net cash provided by operating activities	13,104	1,961
Net cash used in investing activities	(10)	(59)
Net cash used in financing activities	(5,838)	(1,648)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. Property, plant and equipment

	Leasehold land and buildings S\$'000	Machinery and equipment S\$'000	Furniture and fittings, renovation S\$'000	Motor vehicles S\$'000	Office equipment and computers S\$'000	Asset under construction S\$'000	Total S\$'000
Group							
Cost							
At 1 January 2019	17,390	58,271	1,550	11,811	2,733	-	91,755
Adoption of SFRS(I)16 (Note 2.1)	3,775	-	-	202	-	-	3,977
	21,165	58,271	1,550	12,013	2,733	-	95,732
Currency translation differences	3	-	-	1	-	-	4
Additions	90	40,848	3	228	50	-	41,219
Disposals	-	(5,056)	(80)	(2,198)	-	-	(7,334)
Write-off	-	(576)	-	(59)	-	-	(635)
At 31 December 2019	21,258	93,487	1,473	9,985	2,783	-	128,986
Accumulated depreciation and impairment losses							
At 1 January 2019	2,474	36,761	1,334	8,237	2,095	-	50,901
Currency translation differences	1	-	-	1	-	-	2
Depreciation charge (Note 7)	3,232	9,099	93	1,387	231	-	14,042
Reclassification	-	(43)	43	-	-	-	-
Disposals	-	(5,002)	-	(1,687)	-	-	(6,689)
Write-off	-	(575)	-	(60)	-	-	(635)
At 31 December 2019	5,707	40,240	1,470	7,878	2,326	-	57,621
Net book value at 31 December 2019	15,551	53,247	3	2,107	457	-	71,365
Cost							
At 1 January 2018	11,044	45,466	1,807	11,404	2,538	9,395	81,654
Currency translation differences	(2)	-	(1)	(1)	(1)	-	(5)
Additions	-	17,220	63	461	281	38	18,063
Reclassification	9,433	-	-	-	-	(9,433)	-
Disposals	(3,085)	(4,401)	-	(53)	-	-	(7,539)
Write-off	-	(14)	(319)	-	(85)	-	(418)
At 31 December 2018	17,390	58,271	1,550	11,811	2,733	-	91,755
Accumulated depreciation and impairment losses							
At 1 January 2018	3,102	36,942	1,562	6,830	1,949	-	50,385
Currency translation differences	(1)	-	-	-	-	-	(1)
Depreciation charge	847	4,012	91	1,453	231	-	6,634
Disposals	(1,474)	(4,179)	-	(46)	-	-	(5,699)
Write-off	-	(14)	(319)	-	(85)	-	(418)
At 31 December 2018	2,474	36,761	1,334	8,237	2,095	-	50,901
Net book value at 31 December 2018	14,916	21,510	216	3,574	638	-	40,854

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. Property, plant and equipment (continued)

	Leasehold land and building S\$'000	Machinery S\$'000	Furniture and fittings, renovation S\$'000	Motor vehicles S\$'000	Office equipment and computers S\$'000	Total S\$'000
Company						
2019						
Cost						
At 1 January and 31 December	-	64	-	59	-	123
Accumulated depreciation						
At 1 January	-	64	-	53	-	117
Depreciation charge	-	-	-	5	-	5
At 31 December	-	64	-	58	-	122
Net book value at 31 December	-	-	-	1	-	1
2018						
Cost						
At 1 January	3,085	66	318	59	83	3,611
Disposals	(3,085)	-	-	-	-	(3,085)
Write-off	-	(2)	(318)	-	(83)	(403)
At 31 December	-	64	-	59	-	123
Accumulated depreciation						
At 1 January	1,474	66	318	47	83	1,988
Depreciation charge	-	-	-	6	-	6
Disposals	(1,474)	-	-	-	-	(1,474)
Write-off	-	(2)	(318)	-	(83)	(403)
At 31 December	-	64	-	53	-	117
Net book value at 31 December	-	-	-	6	-	6

(i) ROU assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

(ii) The carrying amounts of property, plant and equipment acquired under finance leases were as follows:

	Group
	2018
	S\$'000
Machinery and equipment	4,441
Motor vehicles	1,571
	<u>6,012</u>

(iii) Included within additions in the 2018 consolidated financial statements were property, plant and equipment acquired under finance leases amounting to S\$1,723,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. Property, plant and equipment (continued)

(iv) The Group's major properties included in property, plant and equipment are as follows:

Name and location	Description	Tenure
Lot 6 Jalan Pasaran 23/5, Kawasan Miel, Shah Alam, Selangor Darul Ehsan, Malaysia	Factory-cum-office building	99 years from 15 August 1997
1 Tuas South Street 6, Singapore	Factory-cum-office building	22 years 6 months from 2 May 2013

21. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land and buildings

The Group leases various leasehold land from non-related parties under non-cancellable lease agreements. The lease arrangements prohibit the Group from subleasing the leasehold land to third parties. These leasehold land and buildings are recognised within property, plant and equipment (Note 20).

There are no externally imposed covenant on these lease arrangements.

Machinery and equipment and motor vehicles

The Group leases certain machinery and equipment and motor vehicles from non-related parties under operating leases. The lease arrangements prohibit the Group from subleasing the motor vehicles to third parties.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	31 December 2019 S\$'000	1 January 2019 S\$'000
Leasehold land and buildings	2,163	4,468
Machinery and equipment	28,661	4,441
Motor vehicles	1,031	1,773
	31,855	10,682

(b) Depreciation charge during the year

	2019 S\$'000
Leasehold land and buildings	2,395
Machinery and equipment	4,313
Motor vehicles	628
	7,336

(c) Interest expense

Interest expense on lease liabilities	595
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(d) Lease expense not capitalised in lease liabilities

Lease expense – short-term leases (Note 7)	2,865
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(e) Total cash outflow for all the leases in 2019 was S\$12,335,000.

(f) Addition of ROU assets during the financial year 2019 was S\$14,492,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. Goodwill

	Group	
	2019	2018
	S\$'000	S\$'000
Cost		
Balance at 1 January and 31 December	11,273	11,273
Accumulated impairment		
Balance at 1 January and 31 December	4,416	4,416
Net book value	6,857	6,857

Impairment tests for goodwill

Goodwill arising from acquisition of a subsidiary has been allocated to the cash-generating unit ("CGU") identified as the "Bio-Refinery and Bio-Energy" segment.

The Group tests CGU annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a one-year period.

Key assumptions used for value-in-use calculations:

	Group	
	2019	2018
Gross margin ⁽¹⁾	21%	20%
Terminal growth rate ⁽²⁾	2%	2%
Discount rate ⁽³⁾	14%	14%

⁽¹⁾ Budgeted gross margin

⁽²⁾ Weighted average growth rate used to extrapolate cash flows beyond the budget period

⁽³⁾ Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of the CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segment. The sensitivity analysis of the recoverable amount of the CGU is set out in Note 3(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
<u>Trade payables</u>				
Due to immediate and ultimate holding corporation	2,867	1,081	2,867	695
Due to related corporations	5,279	6,967	-	-
Due to non-related parties	60,887	60,255	-	14
Retention due to subcontractors on construction contracts	24,035	23,803	-	-
<u>Other payables</u>				
Accruals for operating expenses	6,277	5,689	263	259
Sundry payables	1,524	617	84	-
Due to related corporations	202	51	-	-
Provision for onerous contracts [Note 23(ii)]	129	340	-	-
	101,200	98,803	3,214	968
Non-current				
Retention due to subcontractors on construction contracts	3,820	4,808	-	-
	105,020	103,611	3,214	968

(i) The non-trade amounts due to related corporations are unsecured, interest-free and are repayable on demand.

(ii) Provision for onerous contracts

	Group	
	2019	2018
	S\$'000	S\$'000
Balance at 1 January	340	852
Provision utilised	(211)	(512)
Balance at 31 December	129	340

Provision for onerous contracts is in respect of remaining expected losses arising from non-cancellable construction contracts where the expected total contract costs exceed the total contract sum, and is expected to be utilised as these contracts progress towards completion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. Bank borrowings and lease liabilities

	Group	
	2019	2018
	S\$'000	S\$'000
Current		
Short-term bank loans (unsecured)	54,250	43,339
Term loan payable (unsecured)	2,727	-
Finance lease payables within one year (Note 25)	-	2,556
Lease liabilities	7,540	-
	64,517	45,895
Non-current		
Term loan payable (unsecured)	7,273	-
Finance lease payables after one year (Note 25)	-	1,632
Lease liabilities	18,081	-
	25,354	1,632
Total bank borrowings and lease liabilities	89,871	47,527

- (i) The weighted average effective interest rate per annum of short-term bank loans at the balance sheet date is 3.14% (2018: 3.37%) per annum.
- (ii) A term loan of S\$10,000,000 is repayable in 36 monthly instalments commencing from April 2020. The effective interest rate at the balance sheet date is 2.47% per annum.

25. Finance leases

As at 31 December 2018, the Group leased certain plant and machinery and motor vehicles from non-related parties under finance leases.

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

	Group
	2018
	S\$'000
Minimum lease payments due:	
- Not later than one year	2,642
- Between one and five years	1,674
	4,316
Less: Future finance charges	(128)
Present value of finance lease liabilities	4,188

The present value of finance lease liabilities was analysed as follows:

Current liabilities	
- Not later than one year (Note 24)	2,556
Non-current liabilities	
- Between one and five years	1,632
Present value of finance lease liabilities	4,188

As at 31 December 2018, the weighted average effective interest rate of finance leases at the balance sheet date was 2.91% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. Share capital and reserves

	No. of ordinary shares		Amount	
	2019 '000	2018 '000	2019 S\$'000	2018 S\$'000
Group and Company				
Balance at 1 January	1,564,129	1,046,636	73,145	52,143
Issuance of new shares pursuant to Performance Share Plan [Note 26(b)(iii)]	1,388	-	55	-
Issuance of rights cum warrants	-	517,493	-	21,262
Share issuance expenses	-	-	-	(260)
Exercise of warrants	200,000	-	10,783	-
Balance at 31 December	1,765,517	1,564,129	83,983	73,145

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 22 July 2019, the Company awarded 1,888,278 new ordinary shares of the Company to its employees pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017. Awards comprised (i) 1,388,058 fully paid-up ordinary shares of the Company, free of payment, which vested on 26 July 2019; and (ii) 500,220 fully paid-up ordinary shares of the Company, free of payment, which will be vested in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of the grant, subject to certain vesting conditions.

During the financial year, 200,000,050 warrants were exercised at S\$0.05 per warrant for each new share. 200,000,050 new shares were issued for a consideration of S\$10,000,003.

On 26 September 2018, the Company issued 517,492,846 new ordinary shares at S\$0.045 per new share and 517,492,846 free detachable, transferable and listed warrants [Note 26(a)] to its shareholders. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.05 per warrant for each new share. Each warrant may be exercised at any time during the exercise period commencing on and including the date of issue of the warrants and expiring on the fifth anniversary of the date of issue of the warrants. The net consideration for the issuance was proportionately allocated to the share capital and warrants reserve of the Company based on their relative fair values. The newly issued shares ranked pari passu in all respects with the previously issued shares.

Performance share plan

Outstanding performance shares

Details of performance shares awarded to participants at the balance sheet date are as follows:

Date of grant	Group and Company			
	Balance at 1 January	Granted	Vested	Balance at 31 December
2019				
22 July 2019	-	1,888,278	(1,388,058)	500,220

Under the plan, the granted shares will vest in accordance with the vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of grant, subject to certain vesting conditions (including service condition).

The participants do not receive any dividends and are not entitled to vote in relation to the granted unvested shares during the vesting period. If any participant ceases to be employed by the Group within this period, their unvested shares will be forfeited, except in limited circumstances that are approved by the Remuneration Committee on a case-by-case basis.

The weighted average fair value of the shares at grant date of S\$0.04 was determined based on the closing market price on grant date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. Share capital and reserves (continued)

(a) Warrants reserve

	No. of warrants		Amount	
	2019 '000	2018 '000	2019 S\$'000	2018 S\$'000
Group and Company				
Balance at 1 January	855,647	298,962	4,507	2,482
Issue of new warrants	-	517,493	-	2,025
Exercise of warrants	(200,000)	-	(783)	-
Adjustment of warrants	-	39,192	-	-
Balance at 31 December	655,647	855,647	3,724	4,507

(b) Other reserves

	Group	
	2019 S\$'000	2018 S\$'000
Composition		
Fair value reserve	(647)	(607)
Share-based payment reserve	4	-
	(643)	(607)

Movements

(i) Fair value reserve

Balance at 1 January	(607)	(655)
Fair value (loss)/gain on financial assets, at FVOCI (Note 16)	(40)	48
Balance at 31 December	(647)	(607)

(ii) Share-based payment reserve

Balance at 1 January	-	-
Performance Share Plan		
- Value of employee services (Note 8)	59	-
- Performance shares awarded (Note 26)	(55)	-
Balance at 31 December	4	-

Other reserves are not available for dividend distribution.

(c) Currency translation reserve

Balance at 1 January	(2,517)	(2,289)
Net currency translation differences of financial statements of foreign subsidiaries	39	(253)
Less: Non-controlling interests	(6)	25
Balance at 31 December	(2,484)	(2,517)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27. Dividend

	Company	
	2019	2018
	S\$'000	S\$'000
Final dividend paid in respect of the previous financial year ended of 0.10 cent (2018: 0.10 cent) per share	1,564	1,047

At the forthcoming Annual General Meeting, a final cash dividend of 0.05 cent per share amounting to a total of S\$999,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2020.

28. Commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases various lands and buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, were as follows:

	Group
	S\$'000
	(restated)
Not later than one year	3,472
Between one and five years	3,541
	7,013

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

Operating lease commitments as at 31 December 2018 was restated to include the Group's share of operating lease commitments from a joint operation.

(b) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2019	2018
	S\$'000	S\$'000
Property, plant and equipment	-	27,986

The contracts were entered into with non-related parties.

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For the financial year ended 31 December 2019

29. Financial risk management

Financial risk factors

The Group's activities expose it to market risks (including currency risks, interest rate risks and price risks), credit risks and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Where possible, the Group seeks to match assets and liabilities of the same currency. Derivative financial instruments are only used where necessary to reduce exposure to fluctuation in foreign exchange rates and interest rates.

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

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia with operations mainly in Singapore, Malaysia and Indonesia. Entities in the Group transact predominantly in their respective functional currencies, except for balances between entities in the Group.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Malaysian Ringgit ("MYR"), Euro ("EUR") and United States Dollar ("USD"). The Group monitors the foreign currency exchange rate movements closely to ensure that its exposure is minimised. The Group has investments in foreign subsidiaries and is exposed to currency translation risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

	SGD S\$'000	MYR S\$'000	EUR S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
Group						
At 31 December 2019						
Financial assets						
Cash and bank balances	30,146	5,950	192	10,918	-	47,206
Trade and other receivables	38,471	1,972	1,015	2,627	-	44,085
Inter-company balances	54,788	900	895	626	-	57,209
Financial assets, at FVOCI	709	-	-	-	-	709
	124,114	8,822	2,102	14,171	-	149,209
Financial liabilities						
Trade and other payables	(99,076)	(4,914)	(834)	(173)	(23)	(105,020)
Inter-company balances	(54,813)	(901)	(895)	(625)	-	(57,234)
Bank borrowings and lease liabilities	(89,871)	-	-	-	-	(89,871)
	(243,760)	(5,815)	(1,729)	(798)	(23)	(252,125)
Net financial (liabilities)/ assets	(119,646)	3,007	373	13,373	(23)	(102,916)
Less: Net liabilities/ (assets) denominated in the respective entities' functional currency	119,470	(2,759)	-	-	-	116,711
Net currency exposure	(176)	248	373	13,373	(23)	13,795
At 31 December 2018						
Financial assets						
Cash and bank balances	10,891	2,095	60	7,507	-	20,553
Trade and other receivables	49,949	2,699	116	6,412	-	59,176
Inter-company balances	55,504	597	-	-	-	56,101
Financial assets, at FVOCI	763	-	-	-	-	763
	117,107	5,391	176	13,919	-	136,593
Financial liabilities						
Trade and other payables	(96,124)	(4,039)	(1,966)	(1,142)	-	(103,271)
Inter-company balances	(55,504)	(597)	-	-	-	(56,101)
Bank borrowings	(31,500)	-	(11,839)	-	-	(43,339)
Finance leases	(4,188)	-	-	-	-	(4,188)
	(187,316)	(4,636)	(13,805)	(1,142)	-	(206,899)
Net financial (liabilities)/ assets	(70,209)	755	(13,629)	12,777	-	(70,306)
Less: Net liabilities/ (assets) denominated in the respective entities' functional currency	70,209	(808)	-	-	-	69,401
Net currency exposure	-	(53)	(13,629)	12,777	-	(905)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

As at 31 December 2019 and 2018, the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. All financial assets and financial liabilities are mainly denominated in SGD.

If the MYR, EUR and USD change against the SGD by 5% (2018: 5%) respectively with all other variables including tax rate held constant, the effects arising from the net financial assets and liabilities position on profit after tax and other comprehensive income will be as follows:

	Increase/(decrease)	
	Profit after tax	
	2019	2018
	S\$'000	S\$'000
Group		
MYR against SGD		
- Strengthened	—*	—*
- Weakened	—*	—*
EUR against SGD		
- Strengthened	—*	(566)
- Weakened	—*	566
USD against SGD		
- Strengthened	555	530
- Weakened	(555)	(530)

* The currency risk for MYR and EUR is insignificant as at 31 December 2019

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to cash flow interest rate risks arises mainly from the Group's debt obligations. The Group manages its cash flow interest rate risks by adopting a preference for fixed rate instruments over variable-rate instruments.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2018: 1%) per annum with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S\$533,000 (2018: S\$360,000) as a result of higher/lower interest expenses on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)***(a) Market risk** *(continued)**(iii) Price risk*

The Group is exposed to equity and debt securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheets as financial assets, at fair value through profit or loss (Note 15) and financial assets at FVOCI (Note 16). These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for equity securities and debt securities listed in Singapore change by 10% (2018: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	← Increase/(decrease) →			
	2019		2018	
	Profit after tax S\$'000	Other comprehensive income S\$'000	Profit after tax S\$'000	Other comprehensive income S\$'000
Group				
Listed in Singapore				
- Increased by 10%	-	71	-	76
- Decreased by 10%	-	(71)	-	(76)

The Company is not exposed to price risk.

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, where cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing; and
- High credit quality counterparties.

The Group's investments in quoted debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

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

	2019 S\$'000	2018 S\$'000
Company		
Corporate guarantees provided to banks on		
- Subsidiary's loan	64,250	39,538

The trade receivables of the Group comprise five debtors (2018: five debtors) that accounted for approximately 80% (2018: 82%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management (continued)

(b) Credit risk (continued)

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

Group	2019 S\$'000	2018 S\$'000
By geographical areas		
Singapore	27,732	35,306
Malaysia	3,884	2,480
The rest of Asia and others	1,493	6,409
	33,109	44,195
By industry sectors		
Engineering and Construction	28,562	35,931
Bio-Refinery and Bio-Energy	4,547	8,264
	33,109	44,195

The movement in credit loss allowance are as follows:

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Trade receivables⁽¹⁾				
Balance at 1 January under SFRS and SFRS(I) 9	2,654	2,521	168	168
Loss allowance recognised in profit or loss during the year on:				
- Changes in credit risk	191	138	-	-
- Reversal of unutilised amount	(659)	-	-	-
Currency translation difference	(11)	(5)	-	-
Allowance written off	(1,167)	-	-	-
Balance at 31 December	1,008	2,654	168	168

⁽¹⁾ Loss allowance measured at lifetime expected credit loss

The Group's contract assets and other receivables are subject to immaterial credit loss.

(i) Trade receivables and contract assets

In measuring the expected credit losses ("ECL"), trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. The Group has identified the gross domestic product ("GDP") growth of the countries in which it sells goods and services to be the most relevant factor, and accordingly adjust the historical loss rates based on expected changes in this factor.

The Group considers a financial asset as in default when the counterparty fail to make contractual payments for a prolonged period of time when they fall due, and the Group may also consider internal and external information, such as significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flow, such as a debtor failing to engage in a repayment plan with the Group and it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Management has assessed and concluded that the expected credit loss rate for trade receivables past due less than 1 year approximates nil and is immaterial, while the expected credit loss rate for trade receivables past due more than 1 year approximates 50% to 100%, except for specific cases where management has assessed that the amount is still fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 are set out in the provision matrix as follows:

		← Past due →			
	Current	1 to 6 months	7 to 12 months	Over 12 months	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2019					
Group					
Engineering and Construction					
Contract assets	132,391	-	-	-	132,391
Trade receivables	27,533	635	-	614	28,782
Loss allowance	-	-	-	(220)	(220)
Bio-Refinery and Bio-Energy					
Contract assets	2,994	-	-	-	2,994
Trade receivables	2,071	1,841	132	1,291	5,335
Loss allowance	-	-	-	(788)	(788)
Company					
Engineering and Construction					
Trade receivables	16,529	-	-	208	16,737
Loss allowance	-	-	-	(168)	(168)
2018					
Group					
Engineering and Construction					
Contract assets	100,892	-	-	-	100,892
Trade receivables	34,705	618	1	789	36,113
Loss allowance	-	-	-	(168)	(168)
Bio-Refinery and Bio-Energy					
Contract assets	4,185	-	-	-	4,185
Trade receivables	3,846	3,348	328	3,214	10,736
Loss allowance	-	-	-	(2,486)	(2,486)
Company					
Engineering and Construction					
Trade receivables	9,876	-	-	660	10,536
Loss allowance	-	-	-	(168)	(168)

(ii) Financial guarantee contracts

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Financial risk management *(continued)*

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

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

	Less than 1 year S\$'000	1 - 2 years S\$'000	2 - 5 years S\$'000	Total S\$'000
Group				
At 31 December 2019				
Trade and other payables	101,071	-	3,820	104,891
Bank borrowings and lease liabilities	66,882	4,223	22,358	93,463
At 31 December 2018				
Trade and other payables	98,463	3,383	1,425	103,271
Bank borrowings and finance leases	47,442	350	1,324	49,116
Company				
At 31 December 2019				
Trade and other payables	3,214	-	-	3,214
Financial guarantee contract	64,250	-	-	64,250
At 31 December 2018				
Trade and other payables	968	-	-	968
Financial guarantee contract	39,538	-	-	39,538

The Group and the Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

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For the financial year ended 31 December 2019

29. Financial risk management (continued)

(d) Capital risk

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

The gearing ratio is calculated as net debt divided by shareholders funds. Net debt is calculated as bank borrowings and lease liabilities (2018: finance leases) less cash and bank balances.

	Group	
	2019	2018
	S\$'000	S\$'000
Net debt	42,665	26,974
Shareholders' funds	104,538	90,396
Gearing ratio (times)	0.41	0.30

The Group and Company are in compliance with all externally imposed requirements for the financial years ended 31 December 2019 and 2018 respectively.

(e) Fair value measurements

The following paragraph presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Total
	S\$'000	S\$'000
Group		
31 December 2019		
Assets		
Financial assets, at FVOCI	709	709
31 December 2018		
Assets		
Financial assets, at FVOCI	763	763

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(f) Financial instruments by category

The carrying amounts of financial assets measured at fair value (at FVPL and at FVOCI) are disclosed on the face of the balance sheet and in Note 15 and Note 16 respectively.

The aggregate carrying amounts of financial assets and liabilities at amortised cost are as follows:

	Group	
	2019	2018
	S\$'000	S\$'000
Financial assets at amortised cost	91,291	74,089
Financial liabilities at amortised cost	194,762	150,798

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For the financial year ended 31 December 2019

30. Related party transactions

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

(a) Sales and purchases of goods and services

	Group
	2019
	S\$'000
	2018
	S\$'000
Purchases of goods and services from related corporations	(2,697)
Revenue on construction contract from related corporations	7,098
Revenue on construction contract from a key management personnel	-
Rental of office premise from a related corporation	(573)
Management and support services from the immediate and ultimate holding corporation	(2,471)
Disposal of an asset to a director of the Company	174
	-

Related party comprises companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2019 and 2018, arising from sale/purchase of goods and services, are disclosed in Notes 13 and 23.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

Salaries and other short-term employee benefits	2,107	2,454
Employer's contribution to defined contribution plans, including Central Provident Fund	96	103
	2,203	2,557

Included in the above was total directors' fees to directors of the Company amounting to S\$174,500 (2018: S\$174,500).

31. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO") that are used to make strategic decisions.

The CEO considers the business from a business segment perspective. Management manages and monitors the business in two main business segments which are "Engineering and Construction" and "Bio-Refinery and Bio-Energy". The CEO assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

(a) Analysis by Reportable Segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and plant and equipment, net of allowance and impairment that can be specifically attributable to a specific segment. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

The Group's income tax expense and income tax payable are not allocated to any specific segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Segment information (continued)

(a) Analysis by Reportable Segment (continued)

Group (S\$'000)	Engineering and Construction	Bio-Refinery and Bio-Energy	Total
2019			
Revenue			
External	263,884	26,739	290,623
Results			
Segment results	5,135	3,593	8,728
Share of profit of associated companies	375	-	375
Interest income			167
Finance expense			(2,345)
Income tax expense			(748)
Profit after income tax			6,177
Assets			
Segment assets	261,820	23,083	284,903
Investment in associated companies	2,140	-	2,140
Goodwill	-	6,857	6,857
Unallocated assets:			
Short-term bank deposits			19,629
Financial assets, at FVOCI			709
Income tax receivables			552
Deferred tax assets			52
Total assets			314,842
Liabilities			
Segment liabilities	104,358	13,109	117,467
Unallocated liabilities:			
Deferred tax liabilities			523
Bank borrowings and lease liabilities			89,871
Total liabilities			207,861
Other information			
Depreciation	13,947	95	14,042
Capital expenditure	41,209	10	41,219
2018			
Revenue			
External	301,515	27,300	328,815
Results			
Segment results	5,820	1,765	7,585
Share of profit of associated companies	317	-	317
Interest income			174
Finance expense			(1,055)
Income tax expense			(1,081)
Profit after income tax			5,940

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Segment information (continued)

(a) Analysis by Reportable Segment (continued)

Group (S\$'000)	Engineering and Construction	Bio-Refinery and Bio-Energy	Total
2018			
Assets			
Segment assets	216,313	23,574	239,887
Investment in associated companies	1,765	-	1,765
Goodwill	-	6,857	6,857
Unallocated assets:			
Financial assets, at FVOCI			763
Income tax receivables			773
Deferred tax assets			218
Total assets			250,263
Liabilities			
Segment liabilities	99,685	8,916	108,601
Unallocated liabilities:			
Deferred tax liabilities			660
Bank borrowings and lease liabilities			47,527
Total liabilities			156,788
Other information			
Depreciation	6,512	122	6,634
Capital expenditure	18,004	59	18,063

(b) Geographical Information

The Group's two business segments operate in seven main geographical areas: Singapore, Malaysia, Indonesia, Rest of Asia, South America, Africa and others.

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2019 and 2018.

Group	Total revenue	
	2019 S\$'000	2018 S\$'000
Singapore	263,683	301,515
Malaysia	6,399	8,471
Indonesia	3,215	5,709
Rest of Asia	2,683	6,218
South America	652	357
Africa	13,991	6,280
Others	-	265
	290,623	328,815

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Segment information (continued)

(b) Geographical Information (continued)

Group	Total non-current assets	
	2019	2018
	S\$'000	S\$'000
Singapore	81,717	64,860
Malaysia	1,108	1,190
	82,825	66,050

(c) Information about major customers

Revenue of approximately 85% (2018: 83%) are derived from four (2018: four) major customers. These revenues are attributable to the Engineering and Construction segment.

(d) Changes in accounting policy

The adoption of the new leasing standard described in Note 2.1 had the following impact on the segment results in the current year:

	Segment results before adoption of SFRS(I) 16	Rental expenses under SFRS(I) 1-17, when the Group is a lessee	Depreciation expenses under SFRS(I) 16 when the Group is a lessee	Segment results after adoption of SFRS(I) 16
	S\$'000	S\$'000	S\$'000	S\$'000
Engineering and Construction	5,063	2,568	2,496	5,135
Bio-Refinery and Bio-Energy	3,593	-	-	3,593
	8,656	2,568	2,496	8,728

The adoption of the new leasing standard resulted in the recognition of ROU assets and lease liabilities, which increased segment assets and liabilities as at 31 December 2019 as follows:

	Segment assets S\$'000	Segment liabilities S\$'000
Engineering and Construction	1,636	1,655
Bio-Refinery and Bio-Energy	-	-
	1,636	1,655

The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	Depreciation S\$'000	Finance expense S\$'000
Engineering and Construction	2,496	92
Bio-Refinery and Bio-Energy	-	-
	2,496	92

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Koh Brothers Group Limited, incorporated in Singapore.

33. Significant Group companies

The Group's significant subsidiaries, joint operation entities and associated companies at 31 December 2019 and 2018 are as follows:

Name	Country of incorporation and business	Principal activities	Effective holding by the Group	
			2019 %	2018 %
SUBSIDIARIES				
Held by the Company				
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ⁽¹⁾	Singapore	Building and civil engineering contracting	100	100
Koh Eco Engineering Pte. Ltd. ⁽¹⁾	Singapore	Engineering and construction	100	100
Oiltek (S) Pte. Ltd. ⁽¹⁾	Singapore	Construction and project management	100	100
Held by subsidiaries				
WSB Pte. Ltd. ⁽¹⁾	Singapore	Engineering and management services	100	100
Oiltek Sdn. Bhd. ⁽²⁾	Malaysia	Specialist engineers and commission agent	80.04	80.04
Oiltek Nova Bioenergy Sdn. Bhd. ⁽²⁾	Malaysia	Specialist engineers and commission agent	80.04	80.04
JOINT OPERATION ENTITIES				
Held by Subsidiary				
Soletanche Bachy - Koh Brothers Joint Venture ^{(1), (7)}	Singapore	Construction	45	45
Samsung - Koh Brothers Joint Venture ^{(4), (7)}	Singapore	Construction	30	30
POKB JV ^{(1), (7)}	Singapore	Construction	35	35
Koh Brothers – China Harbour Joint Venture ^{(7), (8)}	Singapore	Construction	60	-
ASSOCIATED COMPANIES				
Held by the Company				
Tricaftan Environmental Technology Pte. Ltd. ⁽³⁾	Singapore	Construction and project management	40	40
Held by subsidiary				
SDK Consortium ⁽⁵⁾	Singapore	Construction	20	20

⁽¹⁾ Audited by PricewaterhouseCoopers LLP, Singapore.

⁽²⁾ Audited by PricewaterhouseCoopers PLT, Malaysia.

⁽³⁾ Audited by Reanda Adept Public Accounting Corporation, Singapore.

⁽⁴⁾ Audited by RSM Chio Lim LLP, Singapore.

⁽⁵⁾ Audited by Deloitte & Touche LLP, Singapore.

⁽⁶⁾ In accordance to Rule 716(1) of the Catalist Rules, the Board of Directors and the Audit Committee of the Company confirmed that they are satisfied that the appointment of the different auditors for its subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Group.

⁽⁷⁾ These entities are regarded as joint operations in accordance with SFRS(I) 11 Joint Arrangements as the joint venture agreements for these entities require unanimous consent from all parties and the partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. Therefore these entities are classified as joint operations and the Group recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.3(d).

⁽⁸⁾ Audited by PricewaterhouseCoopers LLP, Singapore for the purpose of preparing the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. New or revised accounting standards and interpretations

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 January 2020. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the consolidated financial statements of the Group in the period of their initial adoption.

35. Subsequent events

Subsequent to year end, 233,000,000 warrants were exercised at S\$0.05 per warrant for each new share. 233,000,000 new shares were issued for a consideration of S\$11,650,000. Following the allotment and issuance of new shares pursuant to the warrants exercise, the number of issued shares in the Company has increased from 1,765,516,843 to 1,998,516,843. Accordingly, the Group's and the Company's share capital will increase by S\$12,562,000 and the warrant reserve will decrease by S\$912,000.

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of measures to curb the COVID-19 outbreak have been and continues to be implemented in countries/regions where the Group operates. The Group will continue to pay close attention to the development of COVID-19 outbreak and its related impact on the Group's businesses and financials. As at the date of this financial statements, there is no material adverse effect on the financial statements for the financial year ended 31 December 2019 as a result of the COVID-19 outbreak. In 2020, the Group will continue to assess the impact of COVID-19 on the carrying amount of goodwill by testing for impairment as required under the accounting standards.

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Eco Engineering Limited on 19 March 2020.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2020

Issued and paid-up capital	:	S\$96,876,099.08
Number of issued shares	:	1,998,516,843
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS AS AT 19 MARCH 2020

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	29	0.30	846	0.00
100 - 1,000	5,972	62.61	2,669,492	0.13
1,001 - 10,000	2,405	25.21	9,061,022	0.45
10,001 - 1,000,000	1,079	11.31	107,306,663	5.37
1,000,001 and above	54	0.57	1,879,478,820	94.05
Total	9,539	100.00	1,998,516,843	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 19 MARCH 2020

No.	Name of shareholders	No. of shares	%
1	Koh Brothers Group Limited	1,544,627,607	77.29
2	DBS Nominees Pte Ltd	76,433,089	3.82
3	Citibank Nominees Singapore Pte Ltd	56,692,750	2.84
4	Morgan Stanley Asia (S) Securities Pte Ltd	21,000,000	1.05
5	Koh Keng Siang	13,100,000	0.65
6	CGS-CIMB Securities (Singapore) Pte Ltd	10,513,812	0.53
7	Lai Weng Kay	9,304,900	0.47
8	UOB Kay Hian Pte Ltd	7,210,178	0.36
9	Maybank Kim Eng Securities Pte. Ltd	6,867,200	0.34
10	Koh Teak Huat	6,764,746	0.34
11	OCBC Securities Private Ltd	6,425,259	0.32
12	United Overseas Bank Nominees Pte Ltd	5,765,370	0.29
13	Ng Poh Wah	5,634,300	0.28
14	Morph Investments Ltd	5,350,000	0.27
15	Estate of Rosalina Ali @ Lie Tjeng Lien, deceased	5,305,000	0.27
16	Loh Wing Wah	5,200,000	0.26
17	Phillip Securities Pte Ltd	4,411,938	0.22
18	Lee Swee Har	4,354,000	0.22
19	Lee Foong Kwan	4,269,000	0.21
20	Kng Chin Kait	4,132,500	0.21
Total		1,803,361,649	90.24

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 19 March 2020)

	Direct Interest		Deemed Interest		Direct Interest	Deemed Interest
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	No. of Ordinary Shares Comprised in Warrants Held	No. of Ordinary Shares Comprised in Warrants Held
Koh Brothers Group Limited	1,544,627,607	77.29	-	-	218,444,432	-
Koh Keng Siang	13,120,000	0.66	1,544,629,607 ¹	77.29 ¹	7,204,041	218,444,432 ²

Notes:

¹ Koh Keng Siang is deemed interested in (i) 2,000 shares held by his spouse and (ii) 1,544,627,607 shares held by Koh Brothers Group Limited ("KBGL").

² Koh Keng Siang is deemed interested in 218,444,432 warrants held by KBGL.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 19 March 2020, approximately 14.51% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2020

WARRANT HOLDERS INFORMATION (W211112)

AS AT 19 MARCH 2020

DISTRIBUTION OF WARRANTHOLDINGS

Size of warrantholders	No. of warrantholders	%	No. of warrants	%
1 - 99	44	1.79	3,639	0.00
100 - 1,000	458	18.62	258,746	0.08
1,001 - 10,000	1,594	64.80	4,494,914	1.33
10,001 - 1,000,000	345	14.02	30,211,105	8.93
1,000,001 and above	19	0.77	303,185,927	89.66
Total	2,460	100.00	338,154,331	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name of warrantholders	No. of warrants	%
1	Koh Brothers Group Limited	218,444,432	64.60
2	DBS Nominees Pte Ltd	18,217,921	5.38
3	Citibank Nominees Singapore Pte Ltd	14,443,353	4.27
4	WWIG Pte Ltd	8,219,396	2.43
5	Morgan Stanley Asia (S) Securities Pte Ltd	6,786,600	2.01
6	Tan Eng Chua Edwin	6,515,927	1.93
7	Ma Ong Kee	5,655,500	1.67
8	Khoo Soo Beng	3,958,850	1.17
9	Yan Ko Keong Peter	3,475,870	1.03
10	OCBC Securities Private Ltd	3,035,370	0.90
11	Koh Keng Siang	2,815,195	0.83
12	Liew Kuo Huei	1,926,220	0.57
13	Phillip Securities Pte Ltd	1,862,727	0.55
14	CGS-CIMB Securities (Singapore) Pte Ltd	1,675,384	0.50
15	Koh Teak Huat	1,457,448	0.43
16	Ng Guat Hua	1,281,762	0.38
17	Ng Poh Wah	1,213,896	0.36
18	Welly Widjaja Chandra @ Chang Pao Wei	1,138,452	0.34
19	UOB Kay Hian Pte Ltd	1,061,624	0.31
20	Ooi Cheng Hooi	1,000,000	0.30
Total		304,185,927	89.96

STATISTICS OF SHAREHOLDINGS

As at 19 March 2020

WARRANT HOLDERS INFORMATION (W230925)

AS AT 19 MARCH 2020

DISTRIBUTION OF WARRANTHOLDINGS

Size of warrantholders	No. of warrantholders	%	No. of warrants	%
1 - 99	2	0.17	92	0.00
100 - 1,000	294	25.15	197,630	0.23
1,001 - 10,000	521	44.57	2,489,270	2.95
10,001 - 1,000,000	335	28.66	24,310,093	28.77
1,000,001 and above	17	1.45	57,495,711	68.05
Total	1,169	100.00	84,492,796	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name of warrantholders	No. of warrants	%
1	DBS Nominees Pte Ltd	19,446,550	23.01
2	Maybank Kim Eng Securities Pte. Ltd	7,860,700	9.30
3	Khoo Soo Beng	6,165,800	7.30
4	Koh Keng Siang	4,388,846	5.19
5	Koh Teak Huat	2,254,915	2.67
6	Citibank Nominees Singapore Pte Ltd	2,084,050	2.47
7	Tan Sian Gwan	2,000,000	2.37
8	Thia Yin Chien or Chow Yee Chin	2,000,000	2.37
9	Ng Poh Wah	1,878,100	2.22
10	Lee Swee Har	1,451,600	1.72
11	Kng Chin Kait	1,377,500	1.63
12	Yan Ko Keong Peter	1,220,150	1.44
13	OCBC Securities Private Ltd	1,139,400	1.35
14	Lee Kunfeng Daniel	1,122,100	1.33
15	UOB Kay Hian Pte Ltd	1,053,500	1.25
16	Goh Guan Siong (Wu Yuanxiang)	1,031,500	1.22
17	Seah Chee Hwee	1,021,000	1.21
18	KGI Securities (Singapore) Pte. Ltd	853,000	1.01
19	Lim Jie Min	702,000	0.83
20	Raffles Nominees (Pte) Limited	622,600	0.74
Total		59,673,311	70.63

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

	Koh Keng Siang	Tan Hwa Peng
Date of appointment	28 February 2013	21 February 2012
Date of last re-appointment	26 April 2018	26 April 2018
Age	58	77
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment / re-appointment (including, where applicable, rationale, selection criteria and the search and nomination process)	Mr Koh Keng Siang has been with the Group since 1987 and has held various positions in administration, finance and project management. He was the main driving force behind the expansion of the Group's business into Real Estate and Leisure & Hospitality. He is credited with spearheading the Group to establish its brand name in Singapore as a builder of quality homes. He has continued to discharge his duties well and continued to positively contribute to the Group.	Mr Tan Hwa Peng has more than 35 years of experience in building and civil engineering construction industry in Singapore and contributed to the growth of the Group. His expertise and inside perspectives on all aspects of the Company will be beneficial to Board deliberations.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> Non-Executive and Non-Independent Chairman Chairman of Executive Committee Chairman of Nominating Committee Member of Audit & Risk Committee Member of Remuneration Committee 	<ul style="list-style-type: none"> Independent Director Chairman of Remuneration Committee Member of Audit & Risk Committee Member of Nominating Committee
Professional qualifications	<ul style="list-style-type: none"> Bachelor of Engineering (Honours) from the University of Birmingham Master of Business Administration from the National University of Singapore 	Bachelor of Civil Engineering from the University of Malaya
Working experience and occupation(s) during the past 10 years	<p><u>2013 to Present</u> Non-Executive and Non-Independent Chairman of Koh Brothers Eco Engineering Limited</p> <p><u>1994 to Present</u> Managing Director & Group CEO of Koh Brothers Group Limited</p>	<u>February 2012 to Present</u> Independent Director of Koh Brothers Eco Engineering Limited
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<ul style="list-style-type: none"> Managing Director & Group CEO of Koh Brothers Group Limited, who is the Substantial Shareholder of Koh Brothers Eco Engineering Limited Cousin of Koh Keng Seng, who is the Director of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. 	Nil
Conflict of interest (including any competing business)	Nil	Nil
Whether the undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

Other principal commitments
including directorships

Past (for the last 5 years)

Nil

Present

- Koh Brothers Eco Engineering Limited
- Canberra Development Pte Ltd
- Changi Properties Pte. Ltd.
- FEC Skypark Pte. Ltd.
- G & W Industrial Corporation Pte Ltd
- G & W Industries Pte Ltd
- G & W Precast Pte Ltd
- G & W Ready-Mix Pte Ltd
- K-Skin Pte. Ltd.
- KBD Holland Pte. Ltd.
- KBD Kosdale Pte. Ltd.
- KBD Management Pte. Ltd.
- KBD Ventures Pte. Ltd.
- KBD Westwood Pte. Ltd.
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd
- Koh Brothers Development Pte Ltd
- Koh Brothers Holdings Pte Ltd
- Koh Brothers International Pte. Ltd.
- Koh Brothers Investment Pte Ltd
- Koh Eco Engineering Pte. Ltd.
- Kosland Pte. Ltd.
- Megacity Investment Pte Ltd
- Oiltek (S) Pte. Ltd.
- Oxford Hotel Pte Ltd
- Phileap Pte. Ltd.
- WSB Pte. Ltd.
- Beijing G & W Cement Products Co., Ltd
- Dalian Megacity Trading Co., Ltd
- G & W Building Materials Sdn. Bhd.
- G & W Industries (M) Sdn. Bhd.
- KBEE Engineering Sdn. Bhd.
- Meteco Solutions Sdn. Bhd.
- Oiltek Nova Bioenergy Sdn. Bhd.
- Oiltek Sdn. Bhd.
- PT. Koh Brothers Indonesia
- Koh Maju Sdn. Bhd.
- Panareno Sdn. Bhd.
- Metax Engineering (India) Pvt. Ltd.
- Koh Brothers Gangnam Limited

Past (for the last 5 years)

Nil

Present

Koh Brothers Eco Engineering Limited

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

(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

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

(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
(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

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING RE-ELECTION

(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
(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

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CORPORATE INFORMATION

REGISTERED OFFICE

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
Fax: (65) 6841 5100
Website: www.kohbrotherseco.com

BOARD OF DIRECTORS

Koh Keng Siang
(Non-Executive and
Non-Independent Chairman)

Shin Yong Seub
(Executive Director and
Chief Executive Officer)

Tan Hwa Peng
(Independent Director)

Koh Choon Leng
(Independent Director)

Lee Sok Khian John
(Non-Executive and
Non-Independent Director)

AUDIT AND RISK COMMITTEE

Koh Choon Leng (Chairman)

Koh Keng Siang

Tan Hwa Peng

NOMINATING COMMITTEE

Koh Keng Siang (Chairman)

Koh Choon Leng

Tan Hwa Peng

REMUNERATION COMMITTEE

Tan Hwa Peng (Chairman)

Koh Choon Leng

Koh Keng Siang

EXECUTIVE COMMITTEE

Koh Keng Siang (Chairman)

Shin Yong Seub

COMPANY SECRETARY

Chua Hanyang, Isaac

GROUP PR MANAGER

David Tay

AUDITOR

PricewaterhouseCoopers LLP

7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

Partner-in-charge

Yeow Chee Keong

(appointed during the financial year
ended 31 December 2018)

SHARE REGISTRAR

B.A.C.S. Private Limited

8 Robinson Road #03-00, ASO Building
Singapore 048544

INVESTOR RELATIONS

Citigate Dewe Rogerson,

i.MAGE Pte Ltd

55 Market Street, #02-01
Singapore 048941

Contact Persons

Dolores Phua/Amelia Lee

Tel: (65) 6534 5122



KOH BROTHERS ECO ENGINEERING LIMITED

(Unique Entity Number 197500111H)

(Incorporated in Singapore)

11 Lorong Pendek,
Koh Brothers Building
Singapore 348639

Tel: (65) 6289 8889 • **Fax:** (65) 6841 5100

www.kohbrotherseco.com

A member of the Koh Brothers Group



Building Cities Building Dreams