
PSL Holdings
LIMITED
FOUNDATIONS
FOR SUCCESS
2019 ANNUAL REPORT

OUR
VISION

TO DEVELOP AND ACQUIRE PROFITABLE BUSINESSES WHICH CAN GENERATE SUSTAINABLE RETURNS TO THE SHAREHOLDERS.

CORPORATE
PROFILE

PSL Holdings Limited ("PSL") is an investment holding company.It was incorporated in Singapore as PSL Holdings Pte Ltd on 9 October 1997 and changed its name to PSL Holdings Limited on 5 August 1998. PSL was listed on Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ) on 9 October 1998 and on 12 May 2009, its listing was transferred to the Mainboard of Singapore Exchange Securities Trading Limited (SGX-ST).

Through its operating subsidiaries, PSL is engaged in businesses relating to:
- Provision of land logistics and support services;
- Provision of marine logistics through acquisitions of Supermax vessels;
- Trade and supply of construction materials and related equipment; and
- Eventual properties development along with related activities.

PSL is looking to expand its operations through the acquisition of synergy-related business principally in Indonesia, Malaysia and the ASEAN regions to develop revenue streams for improvement of its financial performance to generate sustainable long term returns to the Shareholders.

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LETTER TO SHAREHOLDERS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of PSL Holdings Limited (the "Company" or "PSL") and together with its subsidiaries (the "Group"), I am pleased to present to you our Annual Report for the financial year ended 31 December 2019 ("FY2019").

FINANCIAL REVIEW

Our Group's revenue decreased to S$1.7 million for FY2019 mainly due to closing the operations of TSL Transport & Engineering Pte Ltd ("TSL") which incurred losses up to 2018 and the lower revenue from the Construction Logistics segment contributed by PT Indah Perkasa Abadi ("PT IPA"), Indonesia. PT IPA was primarily involved in projects within the civil construction industry for the supply of resources and materials within Indonesia from August 2017 to 2018. However, from mid-August 2019, PT IPA started to focus on the lease of heavy equipment to PT Cahaya Riau Mandiri ("PT CRM"). Notwithstanding the lower revenue, the Group managed to achieve a gross profit of S$1.2 million for FY2019 compared to a gross loss for FY2018.

In FY2019, the Group achieved significant success in its cost-cutting measures. General and administrative expenses were reduced from S$4.5 million in FY2018 to S$2.6 million in FY2019. The decrease was mainly attributable to stringent cost reduction arising from drastic downsizing of middle management staff along with salaries scaling including suspending annual increments and bonuses to the remaining top management executives as well as fees incurred in PSL's efforts to recover its rightful dues on funds disbursed by the Former Management. The gross profit and lower direct expenses enabled the Group to reduce the net loss from S$5.1 million for FY2018 to S$1.3 million for FY2019.

BREAKTHROUGH IN SETTLEMENT OF LITIGATIONS – PT MOMENTUM INDONESIA INVESTAMA ("PTMII")

Since November 2016, the Company was overwhelmed by dispute claims encompassing payment of Profit Guarantee and recovery of Shareholder's Loan of US$11.5 million from PTMII apart from other related contentious issues which resulted in significant diversion of the Group's time and resources in strategizing solutions.

As announced on 21 February 2020, the Company its outstanding disputed claims with the other relevant Parties. Under the Agreement, all the Parties have agreed to honour the obligations to settle an amount in the region of US$18 million to the Company. Expectation of the Company to recover US$18 million includes (a) the entirety of the Shareholder's Loan of US$11.5 million owing by PTMII to the Company, (b) the insurance proceeds of US$0.61 million (IDR 8.35 billion) in respect of the sunken barge known as Momentum 3007, (c) 50% of the proceeds from the agreed sale of the vessel known as Pacific 3002, in the sum of US$0.31 million (IDR 4.25 billion), and (d) the Profit Guarantee plus accrued interest of US$5.57 million.

I am also pleased to announce that the recovery of the above amounts proceeded well. To date and in accordance with the Agreement announced on 21 February 2020, the Company received a sum of approximately US$3.98 million, constituting (i) partial repayment of the Shareholder's Loan of US$3 million, (ii) partial repayment of the accrued interest on the Shareholder's Loan of US$0.35 million, (iii) 50% of the proceeds from the sale of vessel Pacific 3002 of US$0.31 million (IDR 4.25 billion) and (iv) first two monthly instalments for the Profit Guarantee of US$0.32 million. Such initial payments received enhanced the Company's financial solvency and liquidity.

The agreement effectively is a positive development that the Company has been fervently working towards. This Agreement resolves the outstanding claims disputes which, if prolonged, will require the Company to incur significant resources and professional fees in Singapore and in Indonesia. Another significant development arising from this Agreement is the improvement of the Company's financial position from the amounts recovered. These funds can then be routed to developing the Group's businesses to generate future revenue to enhance greater Shareholders' values.

LOOKING AHEAD

The Covid-19 epidemic poses an adverse impact on global economy. Indonesia is not spared in the onslaught. Indonesia's economy growth has slowed in 2019 for the first time in four years and is expected to slow further amidst the grim outlook. Further, the decline in global commodity prices could lead to a decline in Indonesia's exports in 2021.

LETTER TO SHAREHOLDERS

The Group's Indonesian subsidiary, PT IPA generates revenue and improves financial performance of the Group through:

- Successful lease and operation of the heavy equipment since mid-August 2019; and

- Currently, focusing on construction logistics business opportunities in Indonesia.

Moving forward, the Management will continue to work hard to secure additional leasing contracts by acquiring such additional heavy equipment as are required by the lessees. In view of the challenging environment, the Group plans to explore other opportunities through mergers and acquisitions following recoveries from the Settlement Agreement to generate sustainable returns to you, our Stakeholders.

APPRECIATION

In closing, I would first like to thank our Management Team for working relentlessly to resolve the litigation issues. They have worked hard and long to reach the terms in the New Settlement Agreement dated 19 February 2020.

On behalf of the Company and the Board, I am also grateful to our valued Shareholders for their support, patience, trust and confidence in our concerted efforts to enhance values to you, our Stakeholders.

Notwithstanding the challenging economic outlook, we are confident that we can emerge from the prevailing depressing general economy, resilient and steadfast in driving the arduous journey and with the understanding of the Regulators, I hope that the Group can successfully satisfy the requirements to be out of the SGX Watchlist with SGX's approval of an extension beyond the expiry date of 4 June 2020. I believe that we will eventually prevail with the continued support from our Shareholders. The Board and Management will work hard to rebuild the Company's businesses for value to be generated to all.

NG YOKE CHAN
Non-Executive Chairman

REVIEW OF FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

For financial year ended 31 December 2019 (“FY2019”), the Group’s revenue decreased from S$7.7 million for FY2018 to S$1.7 million for FY2019 mainly due to closing the operations of TSL Transport & Engineering Pte Ltd (“TSL”) which incurred losses up to 2018 and the lower revenue from the Construction Logistics segment contributed by PT Indah Perkasa Abadi (“PT IPA”). PT IPA was primarily involved in projects within the civil construction industry for the supply of resources and materials within Indonesia from August 2017 to 2018. However, from mid-August 2019, PT IPA started to focus on the lease of operating Heavy Equipment to PT Cahaya Riau Mandiri (“PT CRM”).

Corresponding to the lower revenue, cost of sales decreased from S$8.0 million for FY2018 to S$0.4 million for FY2019, resulting in a gross profit of S$1.2 million for FY2019 compared to a gross loss of S$0.3 million for FY2018. The gross loss for FY2018 was mainly attributable to exceptional costs incurred on the civil construction projects as a result of wet weather conditions in Indonesia which impeded the progress of the work.

Other operating income decreased from S$0.6 million for FY2018 to S$0.4 million for FY2019 mainly due to revaluation of profit guarantee due from the vendors of PT Momentum Indonesia Investama (“PT MII”) which is denominated in USD. The Group recorded other gains of S$0.1 million for FY2019 mainly due to an increase in foreign exchange gains arising from the revaluation of IDR denominated intercompany loan as compared to other losses of S$65,000 for FY2018.

Selling and distribution expenses recorded marginal difference in FY2019 and FY2018.

This cost cutting measures implemented by the Group’s management have produced encouraging results. General and administrative expenses decreased from S$4.5 million for FY2018 to S$2.6 million for FY2019 mainly due to stringent cost reduction arising from drastic downsizing of middle management staff along with salaries scaling including suspending annual increments and bonuses to the remaining top management executives as well as fees incurred in PSL’s efforts to recover its rightful dues on funds disbursed by the Former Management. This is in tandem with a series of cost cutting measures implemented by the Management to emerge from the SGX Watchlist.

Other operating expenses also decreased from S$0.3 million for FY2018 to S$11,000 for FY2019 mainly due to a decrease in impairment losses on inventories, intangible assets as well as trade and other receivables recorded in FY2018.

Finance costs increased by S$0.4 million in FY2019 mainly due to interest incurred on new loans obtained by PT IPA to finance the purchase of heavy equipment.

The gross profit and lower direct expenses enabled the Group to reduce the net loss to S$1.3 million for FY2019 as compared to S$5.1 million for FY2018.

CASH FLOW

Net cash used in operating activities was S$2.5 million for FY2019 compared to S$4.4 million for FY2018 mainly due to reduced losses for the Group, a decrease in trade and other payables and the translation of profit guarantee due from the vendors of PTMII. This is partially offset by an increase in trade and other receivables from the Construction Logistics segment arising from heavy equipment rental income due from PT CRM and the movement in inventories from the Construction Logistics segment.

Net cash generated from investing activities was S$12,000 for FY2019 compared to S$0.5 million for FY2018 mainly due to the acquisition of more property, plant and equipment in FY2019 and a decrease in proceeds from the disposal of trucks and equipment following the closure of TSL’s operations in FY2018. This was partially offset by payment of S$0.4 million to purchase the remaining non-controlling interest in TSL as part of the settlement to resolve all outstanding disputes in FY2018.

Net cash generated from financing activities was S$0.4 million for FY2019 compared to net cash used in financing activities of S$1.4 million for FY2018 mainly due to changes in short-term deposits pledged to banks, partially offset by repayment of finance lease liabilities along with interest by PT IPA to finance the purchase of heavy equipment.

As a result of the above, the Group’s cash and cash equivalents decreased from S$7.2 million as at 31 December 2018 to S$2.6 million as at 31 December 2019.

REVIEW OF FINANCIAL PERFORMANCE

FINANCIAL POSITION

The Group's current assets decreased by S$7.1 million from S$30.6 million as at 31 December 2018 to S$23.5 million as at 31 December 2019 mainly due to a decrease in cash and cash equivalents as highlighted above, coupled with a decrease in trade and other receivables arising from partial reclassification of profit guarantee due from the Vendors of PTMII from current to non-current following the execution of the New Settlement Agreement dated 19 February 2020 which states that the profit guarantee plus accrued interest will be repaid over 36 months.

Non-current assets increased by S$11.0 million from S$0.6 million as at 31 December 2018 to S$11.6 million as at 31 December 2019 mainly due to an increase in right-of-use assets (lease of heavy equipment and photocopier machines) as well as an increase in trade and other receivables arising from partial reclassification of profit guarantee due from the Vendors of PTMII from current to non-current as explained above.

Current liabilities increased by S$0.6 million from S$3.7 million as at 31 December 2018 to S$4.3 million as at 31 December 2019 mainly due to new loans obtained to finance the purchase of heavy equipment, partially offset by a decrease in trade and other payables from the Construction Logistics segment.

Non-current liabilities increased by S$4.8 million from S$25,000 as at 31 December 2018 to S$4.8 million as at 31 December 2019 due to new loans obtained to finance the purchase of heavy equipment.

As a result of the above, the Group's net assets decreased by S$1.4 million from S$27.5 million as at 31 December 2018 to S$26.1 million as at 31 December 2019.

BOARD OF DIRECTORS

MS NG YOKE CHAN
Non-Executive Non-Independent Chairman

Ms Ng Yoke Chan was appointed on 31 August 2016 as a Non-Executive Director of the Company and was on 27 October 2017 re-designated as the Non-Executive Chairman of the Board.

Ms Ng has experience in management, finance and business development in Southeast Asia. She is currently an Executive Director of Mega Asia Exim Sdn Bhd and Malindo Exim Sdn Bhd. She holds a directorship in Hite Jinro Marketing Sdn Bhd. She was also formerly a Director of Southeast Global (HongKong) Ltd.

Ms Ng holds a Sijil Tinggi Persekolahan Malaysia (STPM) certificate and has attended the course on Listed Company Director Essentials organised by the SID.

MR STEPHEN LEONG, BBM
Vice Chairman and Executive Director

Mr Stephen Leong was appointed on 21 November 2016 as the Vice-Chairman and an Executive Director of the Company.

Mr Leong is responsible for strategic planning, corporate management, operations and business development of the Group. Prior to that, Mr Leong served as the Director of Singapore Assurance Public Accounting Corporation from 2006 to 2015, Group Managing Director of Stephen McLaren Consultants Pte Ltd from 1985 to 2013 and Chairman of Vistra (SEA) Pte Ltd from 2013 to 2016.

Mr Leong holds a Bachelor degree in Commerce from Lakehead University, and is a fellow member of the International Tax Planning Association, UK 2005, the Association of International Accountants, UK 2006, Institute of Public Accountants, Melbourne 2006, Chartered Tax Advisor Australia, 1998, and an Accredited Tax Advisor (Income Tax / Goods and Services Tax), Singapore 2010. Mr Leong is also a member of the Singapore Institute of Directors since 1999.

Mr Leong was conferred the Pingat Bakti Masyarakat (Public Service Medal) (“**PBM**”) by the former President of the Republic of Singapore, His Excellency (“**HE**”) SR Nathan in 2007 and the Bintang Bakti Masyarakat (Public Service Star) (“**BBM**”) by the President of the Republic of Singapore, HE Dr Tony Tan in 2013.

MR RICHARD KENNEDY MELATI
Executive Director

Mr Richard Kennedy Melati was employed on 15 February 2017 as an Executive Officer of the Company and on 10 June 2019 appointed as an Executive Director of the Company.

Mr Melati is the Commissioner for PT Libra Melati Investment, PT Libra Melati Manufacture, PT Mega Mediatama Jaya, PT Bintan Royal International Hotel and PT Pelayaran Nasional Lestari Indoma Bahari. He is also the Director for PT Libra Melati Property and PT Headwind Indonesia.

Prior to that, he was the Head of Fleet Management in Geo Energy Resources Limited from 2009 to 2015 where he was responsible for business operations including mining and loading port operations. From 1999 to 2009, he was a Director in PT Dwi Putra Anjaya responsible for business development.

Mr Melati is responsible for strategic planning and business development of the Group.

MR WILLIAM TEO CHOON KOW, BBM
Independent Director and Chairman of Audit Committee

Mr William Teo Choon Kow was appointed on 26 August 2011 as a Non-Executive Independent Director of the Company. He is the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees.

Mr Teo is a consultant providing corporate advisory services and currently serves as an Independent Director of Wee Hur Holdings Ltd, Kitchen Culture Holdings Ltd and Datapulse Tech Ltd. Prior to that, he was the Vice-President of Walden International Investment Group from 1997 to 2004 where he was responsible for the Group’s investment function. From 1989 to 1997, Mr Teo was a Senior Manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work.

Mr Teo holds a Masters in Management from Asian Institute of Management, Philippines. He is also a fellow member of the Association of Chartered Certified Accountants (“**FCCA**”) and a member of the Institute of Singapore Chartered Accountants (“**ISCA**”).

Mr Teo was conferred the BBM by the President of the Republic of Singapore, HE Dr Tony Tan in 2012.

BOARD OF DIRECTORS

MR KEVIN WONG WEI BOON

Independent Director and Chairman of Nominating Committee

Mr Kevin Wong Wei Boon was appointed on 1 June 2017 as a Non-Executive Independent Director of the Company. He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Wong is the founder of Wisom International Private Limited and serves as its Executive Chairman. He has led the growth and development of Wisom International into a regional private equity firm. He is currently also a Director of Winfill Pte Ltd where he spearheads the overall strategic direction and management of Winfill's global strategic plans.

Prior to that, from 2004 to 2016 he has served as an Associate Director of DBS Bank Ltd, Credit Suisse AG and Vice President of United Overseas Bank advising high net worth families, corporates and institutions in the region. Using various financial instruments such as equities, fixed income, derivatives and structured products, Mr Wong helped these entities create a portfolio that best suits their investment appetite.

Mr Wong has a passion for helping entrepreneurs. He sits in the committee of Singapore Institute of Director (SID) and Singapore Armed Forces Recreation Association (SAFRA) where he helps to connect and organise events for Singapore entrepreneurs. He is also a member of United Nation Association of Singapore. In September 2017, he represented Singapore to attend the China-ASEAN Agricultural Production Industry Summit where he spoke about food security.

Mr Wong holds a Bachelor in Accounting and Finance from the University of London.

MR FHIFI ALFHIAN RONIE, SH

Independent Director and Chairman of Remuneration Committee

Mr Fhifi Alfhian Ronie, SH was appointed on 31 May 2019 as a Non-Executive Independent Director of the Company. He was the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Fhifi is currently the Notary (Jakarta Timur) and Land Deed Making Officer (Pejabat Pembuat Akta Tanah ("PPAT") – Jakarta Timur) of Ministry of Law and Human Right since 2010 and 2011 respectively. Prior to that, he was the Notary and Land Deed Making Officer (PPAT – Dumai – Riau) from 2000 to 2010.

Mr Fhifi is a Notary Specialist from Universitas Indonesia and holds a Bachelor in Civil Law from Universitas Trisakti.

MS LEONG TING TING

Independent Director

Ms Leong Ting Ting was appointed on 24 October 2019 as a Non-Executive Independent Director of the Company. She is a member of the Audit, Remuneration and Nominating Committees.

Ms Leong was the Sole Proprietor with M/S Ting Leong & Partners where she was the legal advisor for Dominant Opto Technologies Sdn. Bhd., a leading LED manufacturer in the world from 2017 to 2018. In 2019, she became a Partner of M/S Lim & Leong (previously M/S Ting Leong & Partners) with a new partner, handling conveyancing and corporate matters which includes sub-sale, vetting and drafting corporate agreements and general litigation.

Prior to that, she was a Legal Assistant with M/S Tunku Amiruddin & K.K. Chew from 2002 to 2015. She then joined M/S Chiong & Partners as a Senior Associate from 2015 to 2017 and moved on to M/S Chambers of Lynn Sor & Associate as a Partner in 2017.

Ms Leong holds a Certificate of Legal Practice from University of Malaya and was admitted to the Malaysian Bar in 1999.

KEY MANAGEMENT

MR LEE CHEE TAK
Chief Executive Officer (CEO)

Mr Lee Chee Tak was appointed on 22 July 2019 as a Non-Executive Independent Director and was on 24 October 2019 re-designated as the CEO of the Company. Mr Lee is responsible for the overall business and general management of the Group.

Prior to that, he was trained as an Accountant with Cheong Khee San & Co and in Smalley & Co in 1988. He then joined Super Group Ltd ("Super") as an Accountant in 1992 and was subsequently promoted to Executive Director from 1994 to 2016 where he was actively involved in the successful Public Listing of Super in Singapore and led the expansion of Super's overseas markets.

Mr Lee holds a Diploma in Business Studies from Ngee Ann Polytechnic. He is also an Associate Member of Singapore Institute of Management and a Member of SID.

MR SJONANTO WIDJAJA
Chief Financial Officer (CFO)

Mr Sjonanto previously held the position of Country Chief Executive Officer of PT Indah Perkasa Abadi ("**PT IPA**"), a subsidiary of the Company, and has taken on the role of CFO of the Company with effect from 17 December 2018. He will be primarily responsible for the Group's financial functions, including accounting, financial reporting, taxation and treasury management, mergers and acquisition, internal controls and risk management. He will continue to be involved in the general management, operations and business of PT IPA.

Mr Sjonanto graduated with a Bachelor of Science in Accounting from the Trisakti University Faculty of Economics in 1978 and started his career as a Senior Auditor with Kantor Akuntan SGV – Utomo (Ernst and Young) from 1978 to 1980. He then joined PT Astra Graphia Tbk as a Finance Manager from 1982 to 1986 and moved on to PT Astra International Tbk, an Indonesian conglomerate as the General Manager Finance Division Head from 1986 to 1989. From 1989 to 1992, Mr Sjonanto Widjaja was a Director of PT Summa Astra Finance. He then joined ASTRA Tour and Travel as the Managing Director in 1992 and subsequently FBM Export Center as the Managing Director in 1996. From 2001 to 2005, Mr Sjonanto Widjaja was the CFO of Guna Group.

Subsequently, he took on the roles of President Director of PT Cisadane Oleo Chemical from 2005 to 2006; President of President University from 2007 to 2011; Vice President Director of PT Tang Mas from 2011 to 2013; President Director of PT L&M Systems Indonesia from 2013 to 2016; and Director of PT Syonan Cahaya Eden from 2016 to 2017.

MS ANGELINE YAP HUI MEI
Group Financial Controller (Group FC)

Ms Angeline Yap was appointed on 4 July 2017 as the Group FC.

Ms Yap is responsible for the Group's financial and management accounts reporting, treasury and taxation.

Prior to that, Ms Yap was a Senior Audit Manager with PricewaterhouseCoopers LLP from 2010 to 2017 where she was involved in the audits of various industries including listed companies, statutory boards, multinational corporations, manufacturing, retail and shipping. From 2007 to 2009, she was a senior associate with Ernst & Young LLP.

Ms Yap holds a Bachelor of Accountancy degree with Honours from Nanyang Technological University. She is also a member of ISCA.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ms Ng Yoke Chan
(Non-Executive Non-Independent Chairman)

Mr Stephen Leong, BBM
(Vice-Chairman & Executive Director)

Mr Richard Kennedy Melati
(Executive Director)

Mr William Teo Choon Kow, BBM
(Independent Director)

Mr Kevin Wong Wei Boon
(Independent Director)

Mr Fhifi Alfhian Ronie, SH
(Independent Director)

Ms Leong Ting Ting
(Independent Director)

AUDIT COMMITTEE

Mr William Teo Choon Kow, BBM
(Chairman)

Mr Kevin Wong Wei Boon

Mr Fhifi Alfhian Ronie, SH

Ms Leong Ting Ting

REMUNERATION COMMITTEE

Mr Fhifi Alfhian Ronie, SH
(Chairman)

Mr William Teo Choon Kow, BBM

Mr Kevin Wong Wei Boon

Ms Leong Ting Ting

NOMINATING COMMITTEE

Mr Kevin Wong Wei Boon
(Chairman)

Mr William Teo Choon Kow, BBM

Mr Fhifi Alfhian Ronie, SH

Ms Leong Ting Ting

REGISTERED OFFICE

37 Jalan Pemimpin
#07-16 Mapex
Singapore 577177
Tel : 6363 7622
Fax : 6363 7522
Co. Reg. No. 199707022K

AUDITORS

Foo Kon Tan LLP
Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

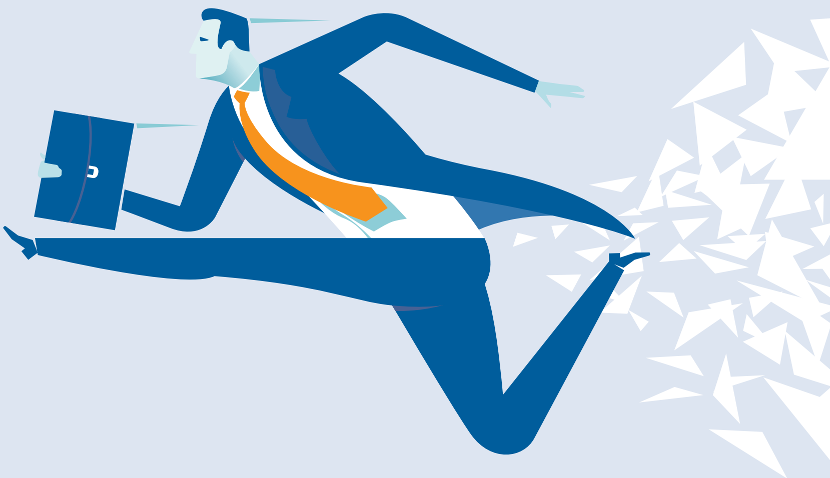
Audit Partner:
Ang Soh Mui
(Since financial year ended 31 December 2018)

COMPANY SECRETARY

Mr Chua Kern

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712



FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Board of Directors (the "**Board**" or "**Directors**") and the management (the "**Management**") of PSL Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") is committed to observing and maintaining good corporate governance in complying with the Code of Corporate Governance 2018 (the "**Code**") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") listing rules and takes effect for annual reports covering financial years commencing from 1 January 2019.

This report outlines the corporate governance processes and procedures adopted by the Group. The Board confirms that, for the financial year ended 31 December 2019 ("**FY2019**"), the Company has generally complied in all material aspects with the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations have been provided.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs
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 provides effective leadership and direction to the Group by setting strategic direction and corporate policies and procedures. Each Director brings his abundant skills, expertise, experience and sound judgment to the Board, and individually and collectively, considers and acts in the best interest of the Group and its shareholders at all times.

In respect of FY2019, the Board comprised the following members:

Ng Yoke Chan	Non-Executive Non-Independent Chairman
Stephen Leong, BBM	Vice Chairman and Executive Director
Richard Kennedy Melati(1)	Executive Director
Tan Chee Tong(2)	Executive Director
William Teo Choon Kow, BBM	Independent Non-Executive Director
Chew Yee Teck, Eric, PBM (deceased)(3)	Independent Non-Executive Director
Wong Wei Boon, Kevin	Independent Non-Executive Director
Fhifi Alfhian Ronie, SH(4)	Independent Non-Executive Director
Lee Chee Tak(5)	Independent Non-Executive Director
Leong Ting Ting(6)	Independent Non-Executive Director

Notes:

(1) Mr Richard Kennedy Melati was appointed as a Director with effect from 10 June 2019.

(2) Mr Tan Chee Tong was a Director until his resignation on 31 May 2019.

(3) Mr Chew Yee Teck, Eric, PBM (deceased) was a Director until his demise on 17 January 2019.

(4) Mr Fhifi Alfhian Ronie, SH was appointed as a Director with effect from 31 May 2019.

(5) Mr Lee Chee Tak was appointed as a Director with effect from 22 July 2019 and ceased to be a Director upon his re-designation to Chief Executive Officer ("**CEO**") of the Company with effect from 24 October 2019.

(6) Ms Leong Ting Ting was appointed as a Director with effect from 24 October 2019.

CORPORATE GOVERNANCE

In addition to its statutory and fiduciary duties and responsibilities, the Board's roles include, amongst others, the following:

(i) setting the policies, strategies and financial objectives of the Group;

(ii) establishing and overseeing the processes for evaluating the adequacy of internal controls, risk management systems, financial reporting systems and compliance;

(iii) approving the Group's annual business plan including the annual budget, capital expenditure and operational plans;

(iv) approving nomination of the Board as recommended by the Nominating Committee;

(v) assuming responsibility for corporate governance;

(vi) monitoring the performance of the Management;

(vii) ensuring accurate, adequate and timely reporting to shareholders;

(viii) reviewing and approving Interested Person Transactions in accordance with guidelines; and

(ix) considering the sustainability issues, e.g. environmental, governance and social factors.

In relation to (ix) above, the Group presents its third year sustainability report for financial year ended 31 December 2019 ("**Sustainability Report 2019**") on Page 43 in this report.

The Board also puts in place a code of conduct and ethics, sets an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.

The Board decides on matters that require its approval and clearly communicates this to Management. The Board's approval is required on matters including entering into new business ventures, major acquisitions and disposals, corporate or financial restructure, shares issuance and dividend appropriation.

The Board has established PSL Enterprise Risk Management Framework and a set of guidelines setting forth matters which require the Board's approval. Matters which are specifically reserved to the Board for approval include, but not limited to, the following:

(a) any proposed material acquisition and disposal of assets;

(b) any transaction exceeding $2 million or capital expenditure commitment exceeding $1 million which are not in the ordinary course of the business; and

(c) bank facilities and mandates.

CORPORATE GOVERNANCE

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

The Board has delegated certain functions to the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") to assist in the execution of its responsibilities. Each Committee has its own written terms of reference, which clearly sets out their composition, authority, objectives, duties, powers, responsibilities as well as the qualifications for committee membership. The actions taken by the Board Committees are reported to and monitored by the Board.

The Board meets periodically and as when necessary with Management to obtain updates on new developments and financial performance of the Group to address any specific significant matters that may arise. Ad-hoc meetings are also convened to deliberate on substantive matters.

Conference audio attendance or other means of similar communication equipment at Board and Board Committee meetings are provided under Regulation 97 of the Company's Constitution.

The number of Board meetings and Board Committee meetings held in FY2019 and the attendance of each Director where relevant is as follows:

			Board Committees					
	Board[a]		**Audit[b]**		**Nominating[c]**		**Remuneration[d]**	
	Held*	**Attended**	**Held***	**Attended**	**Held***	**Attended**	**Held***	**Attended**
Board Members								
Ng Yoke Chan	7	6	4	3#	1	1#	1	1#
Stephen Leong, BBM	7	7	4	4#	1	1#	1	1#
Tan Chee Tong(1)	2	2	2	2#	1	1#	1	1#
William Teo Choon Kow, BBM	7	7	4	4	1	1	1	1
Chew Yee Teck, Eric, PBM (deceased)(2)	0	0	0	0	0	0	0	0
Wong Wei Boon Kevin	7	6	4	4	1	1	1	1
Richard Kennedy Melati(3)	5	0	2	0#	0	0	0	0
Lee Chee Tak(4)	2	1	1	0#	0	0	0	0
Fhifi Alfhian Ronie, SH(5)	5	1	2	1#	0	0	0	0
Leong Ting Ting(6)	3	2	1	0#	0	0	0	0

CORPORATE GOVERNANCE

Notes:

* Under this column, the number of meetings held as indicated will take into account the period of the directorship of the respective Directors, so as to exclude the meetings held on the dates within the year ended 31 December 2019 whereby the respective Directors have yet to be appointed, or have ceased to be a Director of the Company.

By invitation only.

a. There were seven Board Meetings held within the year ended 31 December 2019 on the dates 28 February 2019, 14 May 2019, 8 August 2019, 27 September 2019, 6 November 2019,18 November 2019 and 16 December 2019.

b. There were four Audit Committee Meetings held within the year ended 31 December 2019 on the dates 28 February 2019, 14 May 2019, 8 August 2019 and 6 November 2019.

c. There was one Nominating Committee Meeting held within the year ended 31 December 2019 on 28 February 2019.

d. There was one Remuneration Committee Meeting held within the year ended 31 December 2019 on 28 February 2019.

(1) Mr Tan Chee Tong was a Director until his resignation on 31 May 2019.

(2) Mr Chew Yee Teck, Eric, PBM (deceased), was a Director until his demise on 17 January 2019.

(3) Mr Richard Kennedy Melati was appointed as a Director with effect from 10 June 2019.

(4) Mr Lee Chee Tak was appointed as a Director with effect from 22 July 2019 and ceased to be a Director upon his re-designation to CEO of the Company with effect from 24 October 2019.

(5) Mr Fhifi Alfhian Ronie, SH was appointed as a Director with effect from 31 May 2019.

(6) Ms Leong Ting Ting was appointed as a Director with effect from 24 October 2019.

Upon appointment, each Director will receive appropriate briefings to be familiarised with the Group's businesses, financial performance, corporate strategic direction, action plans, policies and governance practices. In addition, the Company will provide a formal appointment letter detailing the duties and obligations of the newly appointed Directors. To enable the Directors to remain updated with the law and corporate governance practices, the Company provides a training budget to the Directors to fund their participation at industry conferences, seminars, and attendance at any training courses where appropriate. The Directors are also encouraged to be members of the Singapore Institute of Directors ("**SID**") so that they can receive journal updates and training from SID in order to stay abreast with relevant developments in financial, legal and regulatory requirements, along with the business environment and outlook. Directors with multiple board representations will ensure that sufficient time and attention are given to the affairs of the Group.

On a quarterly basis, the Directors are briefed on changes to the accounting standards and regulatory updates. They were accordingly briefed and updated on such changes to the Companies Act (Chapter 50) of Singapore ("**Companies Act**") and SGX-ST Listing Manual. Briefings, updates and trainings for the Directors in FY2019 included:

– Seminars conducted by the SID and PrimePartners Group were attended by Stephen Leong, BBM and William Teo of the Company's Directors;

– The external auditors ("**EA**") had briefed the AC on changes or amendments to accounting standards; and

– The Company Secretary had briefed the Board on the amendments of the Code and the new 2018 Code.

CORPORATE GOVERNANCE

Management acknowledges the importance of complete, adequate and timely supply of information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare beforehand for the meetings, the agendas, board papers and related materials, background or explanatory information relating to matters to be discussed are distributed to all Directors prior to each meeting to facilitate the effective discussion. Where necessary, information in the form of disclosure documents, budgets, forecasts and monthly internal financial statements are also provided to the Board. Any additional materials or information requested by the Directors is promptly furnished. The Board is informed of all material events and transactions as and when they occur.

All Directors have unrestricted access to the Company's records and information. The Directors liaise with Management as required and may consult with other employees to seek additional information on request. Should the Directors, either individually or as a group, in the furtherance of their duties, require independent professional advice, such advice shall be sought at the Company's expense.

The Company Secretary is responsible for, among other things, attending and preparing minutes of all Board and Board Committees meetings, and ensuring Board procedures are observed and that the requirements of the Company's Constitution, Companies Act, SGX-ST Listing Manual and other relevant rules and regulations are complied with, and ensuring good information flows within the Board and its committees and between senior management and Independent Directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretary works with Management and Directors to ensure that the Company complies with the relevant rules and regulations. The Directors have separate and independent access to the Company Secretary.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Principle 2: Board Composition and Guidance
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.

As at the date of this report, the Board comprises seven Directors, two of whom are Executive Directors and the remaining five are Non-Executive Directors, of which four are Independent Directors:

Ng Yoke Chan	Non-Executive Non-Independent Chairman
Stephen Leong, BBM	Vice Chairman and Executive Director
Richard Kennedy Melati	Executive Director
William Teo Choon Kow, BBM	Independent Non-Executive Director
Wong Wei Boon, Kevin	Independent Non-Executive Director
Fhifi Alfhian Ronie, SH	Independent Non-Executive Director
Leong Ting Ting	Independent Non-Executive Director

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. There is an adequate balance of power as well as safeguards in place against an uneven concentration of authority to a single or few individuals.

CORPORATE GOVERNANCE

The Board considers that the current composition and size of the Board is appropriate for the current scope and nature of the Group's operations and provides sufficient diversity without interfering efficient decision-making.

Each Director is a professional in their respective fields and in possess of diverse competencies in different areas of businesses, including management, legal, tax, finance and accounting. Together they bring with them a wide range of expertise and relevant experiences and an appropriate balance and diversity of gender and age to the Group. The independent element on the Board ensures that it is able to exercise objective, impartial and independent judgment on corporate affairs. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively. The Directors' academic and professional qualifications are presented in the section headed "Board of Directors" of this Annual Report. In identifying Director(s) to be nominated for any new appointment to the Board, the NC and the Board will take into consideration the balance and mix of skills, knowledge and experience, and other aspects of diversity such as gender and age, of the existing Board and the requirements of the Group. Further details on the process for the selection and appointment of new Board members are included on Page 18 of this Annual Report.

The Company does not have a Board diversity policy but it consists of professionals from various disciplines. The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board.

The Board has reviewed and believes that its composition achieves diversity of skills, knowledge, experience and gender as further described as follows:

	No. of Directors	Proportion of Board
Core Competencies		
Accounting/Finance/Legal/Corporate governance	6	85.7%
Industry/Customer based-knowledge or experience	3	42.9%
Strategic planning experience	2	28.6%
Gender		
Male	5	71.4%
Female	2	28.6%

The Non-Executive Directors provide constructive review and assist the Board to facilitate and develop proposals on strategies, along with monitoring the performance of Management in securing agreed goals and objectives. Led by Mr William Teo Choon Kow, an Independent Director, they have full access to and co-operation from the Management and meet regularly without the presence of Management and to invite any Directors to the meetings as and when warranted. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. In FY2019, the Non- Executive Directors had one meeting without the presence of the Management.

There is no Independent Director who has served on the Board for more than nine years.

CORPORATE GOVERNANCE

The Board also reviews its composition on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. In respect of FY2019, the NC considers the Board's size adequate for effective decision-making, taking into account the nature and scope of the Group's operations.

Principle 3: Chairman and Chief Executive Officer
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.

In respect of FY2019, there is a clear separation of the roles and responsibilities between the Chairman and the CEO of the Company.

Ms Ng Yoke Chan, the Non-Executive Non-Independent Chairman of the Company, performs the following responsibilities:

- lead the Board to ensure its effectiveness on all aspects of its role;
- set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promote a culture of openness and debate at the Board;
- ensure the Directors receive complete accurate, timely and clear information;
- ensure effective communication with shareholders;
- encourage constructive relations within the Board and between the Board and the Management;
- facilitate the effective contribution of Non-Executive Directors in particular; and
- promote high standards of corporate governance by ensuring the Company's compliance with the Code and other applicable rules and regulations.

Mr Lee Chee Tak, the CEO of the Company in FY2019 was responsible for developing and executing corporate strategies, corporate management, implementing policies, operations and business development, and management of day-to-day operations and corporate affairs of the Group. Mr Lee Chee Tak was appointed as CEO of the Company on 24 October 2019.

Provision 3.3 of the Code recommends that a Lead Independent Director should be appointed as Ms Ng Yoke Chan, the Chairman of the Board, is not an Independent Director. The Company has yet to appoint a Lead Independent Director, and the existing Independent Directors have committed to and will continue to commit to being individually and collectively available to shareholders where they have concerns and for which contact through normal channels of communication with the Chairman or Management are inappropriate or inadequate.

CORPORATE **GOVERNANCE**

Principle 4: Board Membership
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.

In respect of FY2019, the NC comprised the following four members, all of whom are Independent Non-Executive Directors:

- Mr Wong Wei Boon, Kevin (Chairman)
- Mr William Teo Choon Kow, BBM
- Mr Fhihi Alfhian Ronie, SH
- Ms Leong Ting Ting

In respect of FY2019, one NC meeting was held. The purpose of the meeting was to review the performance of the Board and to confirm matters regarding the re-election and appointment of Directors at the forthcoming Annual General Meeting. The NC, regulated by written terms of reference which sets out its authority and duties, is responsible for making recommendations to the Board on all appointments and will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made.

The key terms of reference of the NC include:

(a) Reviewing and recommending the appointment of Directors;

(b) Nominating Directors who retire in accordance with the Company's Constitution at each annual general meeting ("**AGM**") for re-election taking into consideration such Directors' contribution and performance at board meetings, including their attendance, level of preparedness, degree of participation and candour;

(c) Reviewing the training programs for the Directors;

(d) Assessing effectiveness of an individual Director and the Board as a whole;

(e) Developing a process for evaluating the performance of the Board, its Board Committees and contributions of each Director; and

(f) Reviewing the Board succession plans for directors, in particular, the Chairman, Vice Chairman and the CEO.

The process for the selection and appointment of new Board members is:

- The NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation and in consultation with the Board, the NC prepares a description of the roles and key attributes for the new appointment, which forms the criteria used to identify and evaluate potential new Board members. The channels used in searching for appropriate candidates for Board membership are recommendations from existing Directors and external professional sources.

- The NC meets with the short-listed candidate(s) to assess their suitability and to ensure that the candidates are aware of their duties and obligations; and

- The NC recommends the most suitable candidate to the Board for the appointment as Director.

CORPORATE GOVERNANCE

The retirement of Directors is governed by Regulation 89 of the Company's Constitution, which requires one-third of the Directors for the time being to retire by rotation at each AGM and if eligible, offer themselves for re-election. In accordance with Regulation 89 of the Company's Constitution, Ms Ng Yoke Chan and Mr Wong Wei Boon, Kevin will be retiring at the forthcoming AGM. In accordance with Regulation 88 of the Company's Constitution, Ms Leong Ting Ting, Mr Richard Kennedy Melati and Mr Fhifi Alfhian Ronie, SH will be retiring at the forthcoming AGM. Ms Leong Ting Ting, Mr Richard Kennedy Melati, Mr Fhifi Alfhian Ronie, SH, Ms Ng Yoke Chan and Mr Wong Wei Boon, Kevin have consented to offer themselves for re-election at the forthcoming AGM.

During the year, the NC evaluated the Board's performance as a whole and contributions made by each Director and the effectiveness of the Board. A formal process has been adopted by the NC to assess the effectiveness of the Board annually.

The NC is tasked to determine on an annual basis and when circumstances require, the independence of a Director, bearing in mind the guidelines stated in the Code, along with any other salient factor. Each of the Independent Directors, namely, Mr William Teo Choon Kow,BBM, Mr Wong Wei Boon Kevin, Mr Fhifi Alfhian Ronie, SH and Ms Leong Ting Ting have confirmed that they do not have a relationship with the Company, its related corporations, its 10% shareholders or its officers which would be reasonably perceived to interfere with the exercise of independent judgment in the best interests of the Company. The NC will review and deliberate the independence of each Director before giving its recommendation to the Board for deliberation. The Board, with the recommendation and concurrence of the NC, has reviewed and determined that the Independent Directors of the Board, namely, Mr William Teo Choon Kow,BBM, Mr Wong Wei Boon Kevin, Mr Fhihi Alfhian Ronie, SH and Ms Leong Ting Ting are independent.

As at the date of this Report, there was no Independent Director being appointed as a Director of the Company's principal subsidiaries. The Board will assess periodically the need for renewal of the Board structure of the principal subsidiaries and the appointment of Independent Director to the principal subsidiaries.

There is no alternate director on the Board.

The date of each Director's initial appointment, last re-election and their directorships are:

Name of Director	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past directorships in Listed companies*
Ng Yoke Chan	31 August 2016	23 May 2017	–	–
Stephen Leong, BBM	21 November 2016	29 April 2019	–	–
Richard Kennedy Melati	10 June 2019	–	–	–
Tan Chee Tong(1)	19 September 2016	29 April 2019	–	–
William Teo Choon Kow, BBM	26 August 2011	30 May 2018	1. Wee Hur Holdings Ltd 2. Kitchen Culture Holdings Ltd 3. Datapulse Tech Ltd	1. See Hup Seng Limited 2. Loyz Energy Limited 3. DLF Holdings Ltd
Wong Wei Boon, Kevin	1 June 2017	30 May 2018	–	–
Fhifi Alfhian Ronie, SH	31 May 2019	–	–	–
Leong Ting Ting	24 October 2019	–	–	–

* Within the past three years

(1) Mr Tan Chee Tong was a Director until his resignation on 31 May 2019.

CORPORATE GOVERNANCE

The NC has adopted the policy addressing competing time commitments that are faced when Directors serve on multiple boards. The policy provides that, as a general rule, each Director should not hold more than seven listed company board representations.

The NC will determine annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of each individual Director, and the respective Directors' actual conduct on the Board, in making this determination.

The NC is satisfied that each Director's directorship was in line with the Company's policy, each Director is able to and has been adequately carrying out his or her duties as a director of the Group and that sufficient time and attention have been being given by each Director to the affairs of the Group.

In FY2019, the NC and the Board, after having reviewed and considered the qualifications, experience and suitability of Mr Richard Kennedy Melati, Mr Fhifi Alfhian Ronie, SH and Ms Leong Ting Ting, are satisfied that Mr Richard Kennedy Melati, Mr Fhifi Alfhian Ronie, SH and Ms Leong Ting Ting possess the requisite experience to carry out their duties as Directors. On the recommendation of the NC, the Board approved the appointment of of Mr Richard Kennedy Melati, Mr Fhifi Alfhian Ronie, SH and Ms Leong Ting Ting as Directors of the Group.

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

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations made by the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole, effectiveness of its board committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

The Directors undertake an annual evaluation of the overall effectiveness of the Board. The performance criteria for the Board evaluation includes the size and composition of the Board, Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors. The performance criteria for the Board evaluation has not changed from year to year.

Each Director also undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, amongst other things, the board commitment, standard of conduct, competency, training & development and interaction with Directors, Management & stakeholders.

The results of the Board evaluation exercise will be considered by the NC, which will then make recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

In accordance with the processes as set out above, the NC confirms that it has assessed the performance and effectiveness of the Board as a whole and its Board Committees, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board in the financial year under review, and has accordingly reported its recommendations to the Board. The NC is of the view that the performance and effectiveness of the Board as a whole and its Board Committees, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board, has been satisfactory. No external facilitator was used in the evaluation process.

CORPORATE GOVERNANCE

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as Director.

Principle 6: Remuneration Matters
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.

In respect of FY2019, the RC comprised the following four members, all of whom are Independent Non-Executive Directors:

- Fhihi Alfhian Ronie, SH (Chairman)
- William Teo Choon Kow, BBM
- Wong Wei Boon Kevin
- Leong Ting Ting

In respect of FY2019, one RC meeting was held. The purpose of the meeting was to review the Directors' fees payable for the financial year in review and to consider matters regarding the remuneration policies of the Company. The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and reviewing the remuneration packages of individual Directors, key management personnel and employees related to the CEO and Executive Directors and controlling shareholders of the Group.

The key terms of reference of the RC are as follows:

(a) Recommend to the Board a framework of remuneration for the Directors and Management. The framework covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowance, bonuses and benefits in kind;

(b) Review and recommend to the Board the specific remuneration packages for each Executive Director as well as for the key management positions; and

(c) Review annually the remuneration of employees related to the Directors and substantial shareholders of the Company ("**Substantial Shareholder**"), if applicable, to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

The recommendations of the RC will be submitted to the Board for endorsement. Each RC member will abstain from voting on any resolution in respect of his own remuneration.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. No remuneration consultants were engaged by the Company during FY2019.

CORPORATE GOVERNANCE

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with the aim to be fair and not rewarding poor performance.

In FY2019, the RC had reviewed the Directors' fees and determined that there was no change to Directors' fees. In FY2019, there was no change to the remuneration of the key management personnel.

Principle 7: Level and Mix of Remuneration
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.

Annually, the RC reviews the remuneration of the CEO and Executive Directors and Management to ensure that their remuneration is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group as well as market trends within the industry.

CEO and Executive Directors are remunerated as members of Management under their respective service contracts. Their remuneration package comprises a basic salary and a variable component, the latter of which is in the form of a bonus linked to the Group's performance as a whole and individual performance. As for the other key management personnel, the key performance indicators ("**KPI**") which has been set for them to achieve are linked to the performance to each business or project that they handle.

At the extraordinary general meeting of the Company held on 30 May 2018, Shareholders approved the adoption of the PSL Performance Share Plan, a long-term incentive scheme for, inter alia, Executive Directors and key management personnel. Further details regarding the PSL Performance Share Plan may be found in the circular to shareholders dated 15 May 2018 in relation to the resolution to adopt the PSL Performance Share Plan.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from its Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Company's Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against its Executive Directors in the event of such breach of fiduciary duties.

The Directors' fees payable to the Non-Executive Directors are fixed in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as their responsibilities and obligations. The Directors' fees are subject to the shareholders' approval at the AGM. Each member of the RC abstains from voting on any resolution, participating in any deliberations of the RC, and making any recommendation in respect of their remuneration.

CORPORATE GOVERNANCE

Principle 8: Disclosure of Remuneration

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 has fully disclosed the remuneration of its Non-Executive Directors (to the nearest thousand) in FY2019 below.

While the Company notes the need for corporate transparency in the remuneration of its Directors and CEO, the Company notes that the disclosure of such details may be detrimental to the Company due to concerns on potential poaching of executives in the industry in which the Group operates.

The following table summarises the remuneration paid or proposed to be paid by the Company and its subsidiaries, if any, to the Directors for FY2019, as well as the remuneration paid to the CEO:

Director	Directors' Fee	Salary	Bonus	Other Benefits	Total
	S$'000	%	%	%	%
Below S$250,000					
Ng Yoke Chan	–	–	–	–	–
Stephen Leong, BBM	–	99	–	1	100
Richard Kennedy Melati[(1)]	–	100	–	–	100
Tan Chee Tong[(2)]	–	81	–	19	100
William Teo Choon Kow, BBM	42	–	–	–	100
Chew Yee Teck, Eric, PBM (deceased)[(3)]	4	–	–	–	100
Wong Wei Boon Kevin	42	–	–	–	100
Fhifi Alfhian Ronie, SH[(4)]	7	–	–	–	100
Lee Chee Tak[(5)]	11	–	–	–	100
Leong Ting Ting[(6)]	3	–	–	–	100
CEO					
Lee Chee Tak[(5)]	–	100	–	–	100

Notes:

(1) Mr Richard Kennedy Melati was appointed as a Director with effect from 10 June 2019.

(2) Tan Chee Tong was a Director until his resignation on 31 May 2019.

(3) Mr Chew Yee Teck, Eric, PBM (deceased) was a Director until his demise on 17 January 2019.

(4) Mr Fhifi Alfhian Ronie, SH was appointed as a Director with effect from 31 May 2019.

(5) Mr Lee Chee Tak was appointed as a Director with effect from 22 July 2019 and ceased to be a Director upon his re-designation to Chief Executive Officer ("**CEO**") of the Company with effect from 24 October 2019.

(6) Ms Leong Ting Ting was appointed as a Director with effect from 24 October 2019.

CORPORATE GOVERNANCE

For FY2019, the Company only identified three key management personnel of the Company (who are not Directors or the CEO) and the annual aggregate remuneration paid to the key management personnel is S$293,000.

Key Management Personnel	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below S$250,000				
Sjonanto Widjaja	100	–	–	100
Angeline Yap	93	–	7	100
Sudirman Kurniawan	100	–	–	100

There are no employees who are Substantial Shareholders, or are immediate family members of a Director, CEO or a Substantial Shareholder and whose remuneration exceeds S$100,000 during the year. Where there are such employees, the Company will disclose such employee's relationship with the relevant Director, CEO or Substantial Shareholder, as the case may be.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the performance of the individual. Save for the PSL Performance Share Plan, the Company has no other employee share schemes.

The Directors and senior management have met their respective performance conditions for FY2019 relating to their remuneration packages.

There are no termination, retirement and/or post-employment benefits granted to Directors or key management personnel during FY2019.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls
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 believes in the importance of establishing and maintaining a sound system of internal controls through a risk-based approach to safeguard the interests of the shareholders and stakeholders, the Group's assets and resources and resulting in the effectiveness and efficiency of business operations, reliability of financial reporting and compliance with applicable laws and regulations to which the Group is subject. However, the Board recognises that no cost-effective internal control system can preclude errors and irregularities as a system is designed to manage rather than eliminate the risk of failure to achieve business objective and can provide only reasonable and not absolute assurance against the occurrence of material misstatements, errors, losses and/or any other situations not currently within the contemplation or beyond the control of the Board.

The Board has received assurance from its CEO, CFO and its Group Financial Controller that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and that adequate and effective risk management and internal control systems have been put in place. The Board has also received assurance from its CEO and its internal auditor that adequate and effective risk management and internal control systems have been put in place.

CORPORATE GOVERNANCE

In 2018, the Board had approved an Enterprise Risk Management ("**ERM**") policy that seeks to commit the Group to readily establish and implement a COSO-based ERM process at the appropriate time when it would be necessitated in accordance to the status of the Group's business operations and risk profile. The ERM policy is centered on the development and implementation of the COSO ERM framework for managing business risks and seizing opportunities related to the achievement of the Group's business objectives.

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

In respect of FY2019, the AC comprised the following four members, all of whom are Independent Non-Executive Directors:

- William Teo Choon Kow, BBM (Chairman)
- Wong Wei Boon Kevin
- Fhifi Alfhian Ronie, SH
- Leong Ting Ting

In respect of FY2019, four AC meetings were held. The members of the AC possess many years of experience in accounting, legal, business and financial management. The Board considers that the members of the AC are appropriately qualified to objectively discharge the responsibilities of the AC. At least two members, including the AC Chairman have recent and relevant accounting or related financial management expertise or experience.

The AC is regulated by its terms of reference which highlights its primarily responsibilities:

(a) to assist the Board in discharging its responsibilities to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group;

(b) to provide a channel of communication between the Board, the Management team, and the external auditors on matters relating to audit;

(c) to monitor Management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit); and

(d) to monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors.

The main functions of the AC are:

(a) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) review the external auditors' audit plans, their evaluation of the system of internal controls, their management letter and Management's response thereto;

(c) review the internal auditors' internal audit plans and their evaluation of the adequacy of the Group's internal control and accounting system before submission of the results of such review to the Board for approval;

CORPORATE GOVERNANCE

(d) review the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant and statutory or regulatory requirements;

(e) review the internal control and procedures and ensure co-ordination between the external auditors and the Management, review the assistance given by the Management, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of the Management where necessary);

(f) review at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(g) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;

(h) review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(i) review the Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging polices approved by the Board;

(j) review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;

(k) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(l) review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response thereto;

(m) review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have material impact on the Group's operating results and/or financial position;

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

(o) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

CORPORATE GOVERNANCE

(p) review key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(q) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, including such amendments made thereto from time to time;

(r) review the assurance from the CEO, CFO and the Group Financial Controller on the financial records and financial statements; and

(s) make recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors.

The AC has the explicit authority to investigate any matter within its scope of responsibilities, full access to and cooperation of the Management, external auditors and internal auditors. It also has full discretion to invite any Director or Executive Officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

Since 2017, the Group has engaged Foo Kon Tan LLP ("**FKT**") as its external auditor, having taken into consideration adequacy of the resources and experience of FKT and the audit engagement partner assigned to the audit, FKT's other audit engagements, the size and complexity of the Group being audited, and the number of and experience of supervisory and professional staff assigned to the Group's audit. FKT is registered with the Accounting and Corporate Regulatory Authority. The AC does not comprise any former partner or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or corporation.

Accordingly, the Company complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual.

The external auditors have unrestricted access to the AC. Both the external auditors and internal auditors report directly to the AC in respect of their findings and recommendation. During FY2019, the AC met with the internal and the external auditors without the presence of the Management. The AC reviews the findings from the auditors and assistance given to the auditors by the Management.

On an annual basis, the external auditors carry out, in the course of their statutory audit the review of the effectiveness of the Group's key internal controls including financial, operational, compliance, information technology controls as well as risk management systems to the extent of the scope of their audit plan. Any material weaknesses in internal controls together with recommendations will be reported to the AC.

Since 2017, the Company has, with approval from the AC, outsourced its internal audit function to Mckell Risk Management Pte. Ltd. (formerly known as Lee Sun Yen and Associates Pte. Ltd. that owned the business division Mckell Risk Assurance), an independent risk assurance and advisory firm. The role of the internal auditor is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls, policies and procedures, conducting in depth audit of significant risk areas and if necessary, undertaking special audit directed by the AC. Management has granted the Internal Auditor unrestricted access to the documents, records, properties and personnel of the Company and the Group.

CORPORATE GOVERNANCE

The internal audit plan was submitted to the AC for review and approval prior to the commencement of the internal audit work. The internal auditors review the adequacy and effectiveness of the design of key internal controls in accordance with the internal audit plan. The internal auditor report directly to the Chairman of the AC and assist the AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified. The internal audit is performed in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. To ensure the adequacy of the internal audit functions, the AC has reviewed the internal auditor's qualifications, experience, activities, resources and standing in the Company, and the AC is satisfied that the internal audit function of the Group is adequate and effective.

All the audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed during the AC meetings. The AC will review the findings and recommendations by the auditors and ensure that the Management follows up on the recommendations made by the auditors, if any, during the audit process.

Pursuant to Rule 1207(10) of the SGX-ST Listing Manual, based on the internal controls established and maintained by the Group and the work performed by the Group's external auditors, internal auditors and Management reviews, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group in its current business environment.

During the financial year, the AC's activities include:

(a) reviewed quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval;

(b) reviewed the scope of work of the external auditors;

(c) reviewed the scope of work of the internal auditors;

(d) reviewed the audit plans and discussed the results of the findings and evaluation of the Company's system of internal controls;

(e) reviewed interested party transactions of the Company;

(f) met with the Company's internal and external auditors without the presence of Management;

(g) reviewed the independence of internal auditors;

(h) reviewed the independence of external auditors; and

(i) reviewed the Company's procedures for detecting fraud and whistle-blowing matters.

The AC also takes measures such as attending seminars to keep abreast of the changes to accounting standards and issues which have a direct impact on the financial statements.

During the year under review, the aggregate amount of fees paid or payable to the external auditors, FKT for the audit services and non-audit services are approximately $103,000 and $Nil respectively.

CORPORATE GOVERNANCE

The AC reviews annually the independence of the external auditors. For FY2019, the AC has conducted this annual review, and is satisfied that the independence of the external auditors is not affected by the provision of any non-audit services. The AC recommends to the Board the re-appointment of FKT as the external auditors of the Company at the forthcoming AGM.

The Company has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns in the event that they may encounter any improper conduct within the Group. The Company's whistle blowing policy is detailed in its Employee Handbook and accessible to all employees. Various avenues are provided for the employees to raise concerns and define a way to handle these concerns. For example, in the situation whereby an employee is unable to report to his/her immediate supervisor due to the any issue involving his or her immediate supervisor, or for any reason the employee would prefer the immediate supervisor not be to informed, the employee may report it to an Executive Director of the Company. Where none of these channels are suitable, the whistle-blower can address his or her concerns to any of the members of the AC. The contact details of the members of the AC are set out in the Employee Handbook. There were no whistle blowing reports received by the AC in FY2019.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings
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 encourages active shareholder participation at its general meetings. Notices of general meetings are published in the newspapers and reports or circulars are dispatched to all shareholders by post before the scheduled general meeting date. Shareholders are invited to attend the general meetings and are provided the opportunity to participate effectively in and vote at the general meetings, as well as to put forth any questions that they may have on the motions to be debated and decided upon. The Board and Management, including the Chairmen of the respective Board Committees, together with the Company Secretary and independent auditor, would be present at the general meetings to address queries from the shareholders. The resolutions are as far as possible, structured separately and voted on independently. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. A shareholder who is a relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two proxies to speak, attend and vote at general meetings. The Company's Constitution, under Regulation 73, provides for the Directors to have the discretion to implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow shareholders to vote in absentia, such as voting by mail, email or fax.

The minutes of general meetings record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. The Company has encountered delays in resolving the technical issues in relation to is corporate website, and as such, it does not publish the minutes of general meetings on its corporate website. However, these minutes will be made readily available to shareholders upon their request in accordance with applicable laws.

CORPORATE GOVERNANCE

At the general meetings of the Company, shareholders are informed of the rules, including voting procedures before the Company puts all resolutions to vote by poll and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages are made on the same day. The Board maintains regular dialogue with shareholders e.g. AGM, EGM, to gather views and inputs and address shareholders' concerns. All Directors attend general meetings of shareholders and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed at Page 13 of this Annual Report.

Presently, the Company does not have a dividend policy in place. The Board may consider adopting a dividend policy in the future. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

For FY2019, the Company will not be paying dividends to shareholders due to the financial performance of the Group.

Principle 12: Engagement with Shareholders
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 Group recognises the importance of maintaining transparency and accountability to its shareholders, and values dialogue with its shareholders. As such, the Group has in place an investor relations and communication framework policy that disseminates on a timely basis relevant financial data, price sensitive information and material developments to shareholders. Quarterly and full year financial results and all other material information are disseminated to the SGX-ST's website via SGXNET. During the course of FY2019, the Group's Executive Vice Chairman was available to respond to shareholders' enquiries, if any, during the course of his appointment as Executive Vice Chairman of the Company. The investor relations and communication framework policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company engages a third-party investor relationship consultant, with the objective of advising the Company on how to convey performance insights and share its strategic plans with investors and shareholders through various communication channels, such as additional press releases via SGXNET. With the help of its relationship consultant, moving forward, the Company intends to ramp up on its efforts to communicate with its investors and shareholders and to solicit and understand the views of Shareholders, so as to actively engage and promote regular, effective and fair communication with shareholders.

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

The Group has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups, including engaging with stakeholders via its sustainability reports.

CORPORATE GOVERNANCE

Key concerns of stakeholders, and the Group's strategy and key areas of focus in relation to the management of stakeholder relationships during the relevant reporting period are disclosed in the Sustainability Report 2019 on Page 43 of this Annual Report.

The Company has encountered delays in resolving the technical issues in relation to is corporate website, and as such, currently does not have a functional corporate website at this time of this annual report. The Company has been and will continue to update its shareholders' in a timely manner on any material developments of the Group through SGXNET.

Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC to ensure that those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

In order to achieve this objective, the Board and AC meet on a quarterly basis to review whether the Company or any member in the Group is entering or intends to enter into any potential interested persons transactions so as to ensure the Company complies with Chapter 9 of the SGX-ST Listing Manual on interested person transactions. In the absence of the AC, the Group Financial Controller monitors and reviews any interested person transactions of the Company and reports on the same to the Board on a regular basis. There were no interested person transactions with a value of S$100,000 and above entered into for FY2019. Hence, the information required pursuant to Listing Rules 907 and 1207(17) are as follows:

Name of interested person	Aggregate value of all interested person transactions during the FY2019 under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
None	Nil	Nil

Internal Code of Dealing in Securities

In compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices in respect of dealing in securities, the Group has in place an internal code of conduct which prohibits the Directors, key management personnel of the Group and their connected persons from dealing in the Company's shares during the "black-out" period. The black-out period is two weeks and one month immediately preceding the announcement of the Company's quarterly and full year financial results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

CORPORATE GOVERNANCE

Material Contracts

There is no material contract of the Company and its subsidiaries involving the interests of any CEO, Director or controlling shareholder for FY2019.

Use of Proceeds

2017 Subscription

The Company had completed the allotment and issue of an aggregate of 9,281,166 new ordinary shares at S$0.348 for each subscription share in the capital of the Company (the "**2017 Subscription Shares**") on 20 December 2017 (the "**2017 Subscription**"). It had been stated in the Company's announcement dated 20 June 2017 (the "**2017 Subscription Announcement**") that 80% of the net proceeds of the 2017 Subscription will be used by the Company for funding growth and expansion (as and when opportunities arise) and 20% of the net proceeds of the 2017 Subscription will be used by the Company for working capital purposes.

The table below summaries the cumulative utilisation of the net proceeds of the 2017 Subscription as at the date of this annual report (the "**2017 Use of Proceeds**"):

Intended use of net proceeds	Amount Allocated (S$'million)/with percentage allocation (%)	Amount utilised (S$'million)	Balance (S$'million)
Funding growth and expansion (as and when opportunities arise)	2.56 (80%)	2.56	–
Working capital purposes	0.64 (20%)	0.64(1)	–
Total (approximately)	3.20 (100%)	3.20	–

(1) Out of the $0.64 million used for working capital purposes, S$0.64 million was used for employees' salaries and related costs.

The auditors of the Company have conducted an independent verification on the 2017 Use of Proceeds and have verified that the 2017 Use of Proceeds is as stated in the table above.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 TO THE MAINBOARD LISTING RULES

Pursuant to Rule 720(6) of the Mainboard Listing Rules, the information as set out in Appendix 7.4.1 to the Mainboard Listing Rules relating to Ms Leong Ting Ting, Mr Richard Kennedy Melati, Mr Fhifi Alfhian Ronie, SH, Ms Ng Yoke Chan and Mr Wong Wei Boon, Kevin, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
Date of appointment	24 October 2019	10 June 2019	31 May 2019	31 August 2016	1 June 2017
Date of last re-appointment (if applicable)	Nil	Nil	Nil	23 May 2017	30 May 2018
Age	44	47	53	45	40
Country of principal residence	Malaysia	Indonesia	Indonesia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Leong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Leong's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Melati as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Melati's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Fhifi as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Fhifi's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Ng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Ng's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Wong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Wong's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	*Yes*	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Director	Executive Director	Independent Director	Non-Executive Non-Independent Chairman	Independent Director

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
Professional qualifications	Certificate of Legal Practice – University of Malaya	Surat Tanda Tamat Belajar Sekolah Menengah Pertama	Notary Specialist – Universitas Indonesia Bachelor in Civil Law – Universitas Trisakti	Sijil Tinggi Persekolahan Malaysia (STPM) Certificate	Bachelor in Accounting and Finance – University of London
Working experience and occupation(s) during the past 10 years	January 2019 – Current Lim & Leong, Partner September 2017 – December 2018 Ting Leong & Partners, Sole Proprietor April 2017 – September 2017 Chambers of Lynn Sor & Associate, Partner October 2015 – March 2017 Chiong & Partners, Senior Associate April 2002 – September 2015 Tunku Amiruddin & K.K.Chew, Legal Assistant March 2000 – March 2020 Low & Lee, Legal Assistant	2019 – Present PSL Holdings Limited Executive Director 2017 – 2019 PSL Holdings Limited Executive Officer 2009 – 2015 Geo Energy Resources Limited Head of Fleet Management	2011 – Current Ministry of Law and Human Rights, Pejabat Pembuat Akta Tana (P.P.A.T) – Land Deed Making Officer 2010 – Current Ministry of Law and Human Rights, Notary 2000 – 2010 Ministry of Law and Human Rights, Notary and Pejabat Pembuat Akta Tanah (P.P.A.T) – Land Deed Making Officer	2015 – Present Mega Asia Exim Sdn Bhd, Executive Director 2011 – 2018 Hite Jinro Marketing Sdn Bhd, Director 2011 – Present Southeast Exim Sdn Bhd, Director 2004 – Present Malindo Exim Sdn Bhd, Executive Director 2011 – 2014 Southeast Global (HongKong) Ltd, Director	2020 – Present Vitka Ministry Institute Private Limited, Director 2020 – Present Every Little Helps Foundation Limited, Director 2020 – Present Dinngo Pte. Ltd., Director 2019 – Present Goldbuild Pte. Ltd., Director 2018 – Present Winfill Holdings (Pte. Ltd.), Director 2018 – Present Winfill Pte Ltd, Director 2017 – Present Wisom International Private Limited, Director

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
					2017 – 2018 Javelin Wealth Management, Director 2016 – 2018 Wande International Private Limited, Co-Founder 2014 – 2017 United Overseas Bank Limited, Vice President 2013 – 2014 Credit Suisse AG, AVP 2007 – 2013 DBS Bank Ltd, Associate Director
Shareholding interest in the listed issuer and its subsidiaries	No	No	No	1,353,700	No
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	Nil	Nil	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting (“Ms Leong”)	Mr Richard Kennedy Melati (“Mr Melati”)	Mr Fhifi Alfhian Ronie, SH (“Mr Fhifi”)	Ms Ng Yoke Chan (“Ms Ng”)	Mr Wong Wei Boon, Kevin (“Mr Wong”)
Other Principal Commitments* Including Directorships# * “Principal Commitments” has the same meaning as defined in the Code # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	Lim & Leong, Partner	Present PT Libra Melati Investment, Commissioner PT Libra Melati Manufacture, Commissioner PT Libra Melati Property, Director PT Mega Mediatama Jaya, Commissioner PT Bintan Royal International Hotel, Commissioner PT Headwind Indonesia, Director PT Pelayaran Nasional Lestari Indoma Bahari, Commissioner	2011 – Current Ministry of Law and Human Rights, Pejabat Pembuat Akta Tana (P.P.A.T) – Land Deed Making Officer 2010 – Current Ministry of Law and Human Rights, Notary	2015 – Present Mega Asia Exim Sdn Bhd, Executive Director 2011 – Present Southeast Exim Sdn Bhd, Director 2004 – Present Malindo Exim Sdn Bhd, Executive Director	2020 – Present Vitka Ministry Institute Private Limited, Director 2020 – Present Every Little Helps Foundation Limited, Director 2020 – Present Dinngo Pte. Ltd., Director 2019 – Present Goldbuild Pte. Ltd., Director 2018 – Present Winfill Holdings (Pte. Ltd.), Director 2018 – Present Winfill Pte Ltd, Director 2017 – Present Wisom International Private Limited, Director
Past (for the last 5 years)	Ting Leong & Partners, Sole Proprietor Chambers of Lynn Sor & Associate, Partner	Nil	Nil	**Past Directorships:** Hite Jinro Marketing Sdn Bhd Southeast Global (Hongkong) Ltd	**Past Directorships:** Javelin Wealth Management

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
Present	Lim & Leong, Partner	**Present Directorships:** PT Libra Melati Property PT Headwind Indonesia	Nil	**Present Directorships:** Mega Asia Exim Sdn Bhd Southeast Exim Sdn Bhd Malindo Exim Sdn Bhd	**Present Directorships:** Vitka Ministry Institute Private Limited Every Little Helps Foundation Limited Dinngo Pte. Ltd. Goldbuild Pte. Ltd. Winfill Holdings (Pte. Ltd.) Winfill Pte Ltd Wisom International Private Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.					
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
(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	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	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	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	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	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting (“Ms Leong”)	Mr Richard Kennedy Melati (“Mr Melati”)	Mr Fhifi Alfhian Ronie, SH (“Mr Fhifi”)	Ms Ng Yoke Chan (“Ms Ng”)	Mr Wong Wei Boon, Kevin (“Mr Wong”)
(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 (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?					
(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	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Ms Leong Ting Ting ("Ms Leong")	Mr Richard Kennedy Melati ("Mr Melati")	Mr Fhifi Alfhian Ronie, SH ("Mr Fhifi")	Ms Ng Yoke Chan ("Ms Ng")	Mr Wong Wei Boon, Kevin ("Mr Wong")
Disclosure applicable to the appointment of Director only.					
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	No Not applicable.	No Not applicable.	No Not applicable.	No Not applicable.	No Not applicable.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.

SUSTAINABILITY **REPORT**

PSL is pleased to present its third-year Sustainability Report which has been prepared in accordance with SGX's Sustainability Reporting Guide ("the Guide") and the continued application of the GRI-Referenced Claim basis which included adopted portions of topics specific standards GRI 305-1 of GRI 305: Emissions 2016 and GRI 403: Occupational Health and Safety 2018.

Scope

This report commences with the Sustainability Steering Work Group ("the Work Group") providing latest update regarding the new business activity undertaken by PSL in 2019 after the completion of the toll road project undertaken by its 75%-owned indirect subsidiary, PT Indah Perkasa Abadi ("PT IPA") as mentioned in last year's sustainability report.

As part of PSL 's continual efforts to explore profitable and operationally efficient business opportunities in Indonesia to generate sustainable revenue stream for the Group, PT IPA had entered into an agreement ("the Heavy Equipment Agreement") with PT Cahaya Riau Mandiri ("PT CRM") on 21 May 2019 for the leasing and operation of heavy equipment comprising 4 units of Hitachi Excavators, 6 units of Komatsu Dumptrucks and 1 unit of Komatsu Bulldozer for the coal mining project located at South Sumatra of Indonesia for period of three years.

This year's report is therefore centered on the materiality assessment of greenhouse gas (GHG) emissions from the use of abovementioned fleet of heavy equipment. Heavy equipment activities are a major part of many infrastructure, construction and mining projects in Indonesia and this type of equipment typically releases large GHG emissions from fuel consumption.

This report also introduces the Group's overseas sustainability framework, currently in the pipeline of development for future implementation, that seek to understand, measure and mitigate the environmental and social impact including the efficient collection and analysis of performance data relating to heavy equipment activities in Indonesia.

Materiality Considerations

(i) Green House Gas Emission

According to the March 19 issue of 'The Carbon Brief Profile: Indonesia', it was reported that Indonesia had become the world's fourth largest emitter of greenhouse gases and represented 4.8% of the world's total global emissions in 2015. In the same year, the Environment and Forestry Minister of Indonesia had pledged to the United Nations to reduce 29% of the country's greenhouse gas emissions by 2030 in support of the global initiatives to combat climate change. Subsequently, a regulation was signed in 2017 that required Indonesia to gradually adjust to Euro-4 Emission Standard for all petrol and diesel -powered vehicles between the years 2018 and 2021.

(ii) Occupational Safety and Health

Materiality assessment covering the identification of stakeholders and national legislations relating to Occupational Safety and Health factors in Indonesia construction sector, that is also relevant for health hazards and fatality risks as associated with heavy equipment activities, had already been carried out and included in the 2018 Sustainability Report.

SUSTAINABILITY REPORT

Current Practices and Performance Data

PT CRM is required under the Heavy Equipment Agreement to supply legal fuel of Pertamina Standards (‘the Standards’) for the usage of the heavy equipment. Currently a fuel quality control process is being set up by PT IPA for laboratory- fuel test to be conducted in every four months.

Safety standards designed and implemented by PT CRM are required to be followed by all heavy equipment operators and this includes prescribed working hours, mandatory use of Personal Protective Equipment and attendance of daily and weekly work safety meetings. PT IPA is also responsible for carrying out routine repairs and maintenance for the heavy equipment so as to ensure they are properly equipped with safely and security tools to keep them in safe working conditions at all times.

PT IPA had furnished the following key OSH performance data relating to the heavy equipment activities:

No	Occupational Safety and Health (OSH)	21 May 2019 – 31 Dec 2019
1	No. of accident occurrences	NIL
2	No. of injuries	NIL
3	No. of fatalities	NIL
4	No. of occupational diseases incidence	NIL

As it is always the policy of the Group to achieve zero accidents and fatality rate for all construction and heavy equipment activities, the targeted performance for each of above OSH metrics 1-4 above has been set as Nil for FY2020.

Board Statement

With the support of the Board and its Work Group, PT IPA and PT CRM will start developing a formal “Sustainability Development and Reporting Program” (“the Program”) aiming to foster closer cooperation between the two companies for the assessment of environmental impact as caused by the fuel emission from the use of the heavy equipment in Indonesia. Adoption of international best practices centering on fuel economy performance may be considered for managing the carbon footprint of heavy equipment activities to ensure compliance with the applicable national vehicular emission policies and legislations that will come in force by 2021 in Indonesia.

The Program will also aim to make possible the efficient and timely gathering of operation and health data particularly for fuel consumption and workers’ health and injuries statistics, and from the analysis of this information, PT IPA will able to suggest improvement points to the Board.

The Board will make committed effort to ensure continual improvement and development of this Program that will integrate all relevant sustainability topics relating to other business segments that the Group may establish in Indonesia in subsequent years.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors are pleased to present their statement to the members together with the audited financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2019.

In the opinion of the directors,

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

(b) at the date of this statement, having regard to Note 2(a) of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Names of directors

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

Ng Yoke Chan	
Stephen Leong, BBM	
Richard Kennedy Melati	(Appointed on 10 June 2019)
William Teo Choon Kow, BBM	
Kevin Wong Wei Boon	
Fhifi Alfhian Ronie, SH	(Appointed on 31 May 2019)
Leong Ting Ting	(Appointed on 24 October 2019)

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held 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:

	Number of ordinary shares			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company - PSL Holdings Limited	As at 1.1.2019	**As at 31.12.2019**	As at 1.1.2019	**As at 31.12.2019**
Ng Yoke Chan[1]	-	**-**	1,353,700	**1,353,700**

Note:
[1] Ng Yoke Chan is deemed to have an interest in the shareholding of PSL Holdings Limited by virtue of the shares held under Maybank Kim Eng Securities Pte Ltd.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Directors' interest in shares or debentures (Cont'd)

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

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

Share options

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

No shares were 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 or its subsidiaries under option at the end of the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

William Teo Choon Kow, BBM (Chairman)	
Kevin Wong Wei Boon	
Fhifi Alfhian Ronie, SH	(Appointed on 31 May 2019)
Leong Ting Ting	(Appointed on 24 October 2019)

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(a) the external auditors' audit plans, their evaluation of the system of internal controls, their management letter and management's response thereto;

(b) the internal auditors' internal audit plans and their evaluation of the adequacy of the Group's internal control and accounting system before submission of the results of such review to the Board for approval;

(c) the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(d) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(e) the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of the management where necessary);

(f) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(g) interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Audit Committee (Cont'd)

(h) potential conflicts of interest (if any) and to set out a framework to resolve or mitigate such potential conflicts of interests;
(i) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
(j) review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response thereto;
(k) the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations which has or is likely to have material impact on the Group's operating results and/or financial position;
(l) arrangements by which the Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
(m) the effectiveness and adequacy of the Group's administrative, operating, internal accounting and financial control procedures; and
(n) the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer, and the internal and external auditors, to attend its meetings.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, Rules 712 and 715 of the SGX Listing Manual have been complied.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the directors

....
STEPHEN LEONG

....
RICHARD KENNEDY MELATI

Dated: 15 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PSL HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Disclaimer of opinion

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

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

Basis for Disclaimer of Opinion

<u>Recoverability of loans due from PT Momentum Indonesia Investama ("PTMII") and contingent consideration receivable by the Company</u>
As at 31 December 2019, the carrying values of the loans due from PTMII and contingent consideration receivable by the Company from the Indonesian Shareholders of PTMII are S$14.0 million (Note 12) and S$6.1 million (Note 8), respectively. Since 2016, the Company, PTMII and the Indonesian shareholders had been engaged in legal proceedings to settle various disputes.

The Company, PTMII and the Indonesian shareholders have entered into a Settlement Agreement ("Settlement Agreement") subsequent to the year end on 19 February 2020 to settle amongst other matters, the loans due from PTMII and the contingent consideration receivable by the Company.

Based on the Settlement Agreement, PTMII will repay US$11.5 million (S$15.4 million) in respect of the outstanding loans due from PTMII of which US$3 million (S$4.0 million) has been received before the date of the audit report. The balance of US$8.5 million (S$11.4 million) of the loans due from PTMII will be recovered essentially through the sale of PTMII Vessels. Further, on 20 March 2020, the Company, PTMII and the Indonesian shareholders have agreed to an extension of time to 20 April 2020 for the sale of the PTMII Vessels and the payment to the Company of the balance US$8.5 million (S$11.4 million) of the loans due from PTMII.

The Shareholder Vessels have been pledged in favour of the Company for the settlement of the contingent consideration receivable by the Company. Subsequent to the balance sheet date, US$320,000 (S$431,000) has been received by the Company.

INDEPENDENT **AUDITOR'S REPORT**

Basis for Disclaimer of Opinion (Cont'd)

Recoverability of loans due from PT Momentum Indonesia Investama ("PTMII") and contingent consideration receivable by the Company (Cont'd)

The following factors have been considered in ascertaining the recoverability of loans due from PTMII and contingent consideration receivable by the Company:

- there is no collateral on the loans due from PTMII;
- there is no fixed repayment term for the loans due from PTMII;
- the financial ability of PTMII to repay cannot be ascertained because we do not have access to the financial information, audited financial statements and credit rating of PTMII;
- the financial ability of the Indonesian shareholders cannot be ascertained and thus, we are not able to ascertain the ability of the Indonesian shareholders to repay the contingent consideration over the agreed three-year repayment period; and
- the future realisable value of all the vessels cannot be determined with a reasonable accuracy.

We are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of the loans due from PTMII and contingent consideration receivable by the Company.

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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (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 and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PSL HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the Company's statement of financial position in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements of the Group and the Company's statement of financial position.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

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

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 15 April 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		The Group		The Company	
	Note	**31 December 2019 $'000**	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**617**	602	**352**	196
Right-of-use assets	4	**7,299**	-	**85**	-
Intangible assets	5	**-**	-	**-**	-
Investments in subsidiaries	6	**-**	-	**200**	4,852
Financial assets, at FVOCI	7	**-**	2	**-**	-
Trade and other receivables	8	**3,699**	-	**3,699**	-
Deferred tax asset	9	**16**	-	**-**	-
Club membership		**6**	6	**6**	6
		11,637	610	**4,342**	5,054
Current Assets					
Trade and other receivables	8	**6,914**	9,542	**2,391**	6,443
Inventories	10	**21**	42	**-**	-
Amounts due from subsidiaries	11	**-**	-	**4,369**	4,735
Loans due from PTMII	12	**14,013**	13,871	**14,013**	13,871
Cash and cash equivalents	13	**2,552**	7,186	**1,019**	2,245
		23,500	30,641	**21,792**	27,294
Total assets		**35,137**	31,251	**26,134**	32,348
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	**35,763**	35,763	**35,763**	35,763
Currency translation reserve	14	**(116)**	24	**-**	-
Accumulated losses		**(9,414)**	(8,082)	**(10,181)**	(9,384)
Fair value reserve	14	**-**	(3)	**-**	-
Capital reserve	14	**146**	146	**-**	-
Attributable to equity holders of the Company		**26,379**	27,848	**25,582**	26,379
Non-controlling interests	6	**(320)**	(359)	**-**	-
Total equity		**26,059**	27,489	**25,582**	26,379
Non-Current Liabilities					
Obligations under finance lease	15	**-**	25	**-**	-
Lease liabilities	16	**4,798**	-	**29**	-
		4,798	25	**29**	-
Current Liabilities					
Amounts due to subsidiaries	11	**-**	-	**150**	5,476
Obligations under finance lease	15	**-**	36	**-**	-
Lease liabilities	16	**1,374**	-	**57**	-
Trade and other payables	17	**2,894**	3,686	**316**	493
Current tax liabilities		**12**	15	**-**	-
		4,280	3,737	**523**	5,969
Total liabilities		**9,078**	3,762	**552**	5,969
Total equity and liabilities		**35,137**	31,251	**26,134**	32,348

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Revenue	18	**1,665**	7,679
Cost of sales		**(442)**	(8,026)
Gross profit/(loss)		**1,223**	(347)
Other operating income	19	**429**	554
Other gains/(losses) – net	20	**116**	(65)
Selling and distribution expenses		**-**	(4)
General and administrative expenses	21(a)	**(2,607)**	(4,500)
Other operating expenses	21(b)	**(11)**	(280)
Finance costs	22	**(405)**	(9)
Loss before income tax		**(1,255)**	(4,651)
Income tax expense	23	**(25)**	(486)
Loss for the year, net of tax		**(1,280)**	(5,137)
Other comprehensive (loss)/income, net of tax			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		**-**	(3)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(150)**	146
		(150)	143
Total comprehensive loss for the year		**(1,430)**	(4,994)
(Loss)/income attributable to:			
Equity holders of the Company		**(1,329)**	(4,620)
Non-controlling interests		**49**	(517)
		(1,280)	(5,137)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,469)**	(4,474)
Non-controlling interests		**39**	(520)
		(1,430)	(4,994)
Loss per share attributable to equity holders of the Company (Cents)			
- Basic and diluted loss per share	24	**(2.39)**	(8.30)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital $'000	Accumulated losses $'000	Currency translation reserve $'000	Fair value reserve $'000	Capital reserve $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018	35,763	(3,462)	(125)	-	507	32,683	170	32,853
Loss for the year	-	(4,620)	-	-	-	(4,620)	(517)	(5,137)
Other comprehensive (loss)/income for the year								
- Net change in fair value – equity investments at FVOCI	-	-	-	(3)	-	(3)	-	(3)
- Currency translation differences	-	-	149	-	-	149	(3)	146
Total comprehensive (loss)/income for the year	-	(4,620)	149	(3)	-	(4,474)	(520)	(4,994)
Transactions with owner, recognised directly in equity								
Acquisition of remaining non-controlling interest in TSL without a change in control (Note 6)	-	-	-	-	(361)	(361)	(9)	(370)
At 31 December 2018	35,763	(8,082)	24	(3)	146	27,848	(359)	27,489
At 1 January 2019	**35,763**	**(8,082)**	**24**	**(3)**	**146**	**27,848**	**(359)**	**27,489**
Loss for the year	**-**	**(1,329)**	**-**	**-**	**-**	**(1,329)**	**49**	**(1,280)**
Other comprehensive (loss)/income for the year								
- De-recognition of equity instruments at FVOCI upon liquidation of subsidiary	**-**	**(3)**	**-**	**3**	**-**	**-**	**-**	**-**
- Currency translation differences	**-**	**-**	**(140)**	**-**	**-**	**(140)**	**(10)**	**(150)**
Total comprehensive (loss)/income for the year	**-**	**(1,332)**	**(140)**	**3**	**-**	**(1,469)**	**39**	**(1,430)**
At 31 December 2019	**35,763**	**(9,414)**	**(116)**	**-**	**146**	**26,379**	**(320)**	**26,059**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash Flows from Operating Activities			
Loss before taxation		**(1,255)**	(4,651)
Adjustments for:			
Depreciation of property, plant and equipment	3	**132**	421
Depreciation of right-of-use assets	4	**447**	-
Loss/(gain) from disposal of property, plant and equipment	20	**9**	(51)
Impairment loss on intangible assets	5	**-**	101
Impairment of property, plant and equipment	3	**8**	-
Fair value changes on profit guarantee due from vendors	19	**78**	(122)
Interest income	19	**(482)**	(379)
Interest expense	22	**318**	9
Operating loss before working capital changes		**(745)**	(4,672)
Changes in inventories		**21**	1,116
Changes in trade and other receivables		**(845)**	2,730
Changes in trade payables, other payables and accruals		**(850)**	(3,096)
Cash used in operations		**(2,419)**	(3,922)
Income tax paid		**(44)**	(474)
Net cash used in operating activities		**(2,463)**	(4,396)
Cash Flows from Investing Activities			
Interest received		**166**	78
Acquisition of property, plant and equipment	3	**(335)**	(152)
Proceeds from disposal of property, plant and equipment		**181**	950
Purchase of remaining non-controlling interest	6	**-**	(370)
Net cash generated from investing activities		**12**	506
Cash Flows from Financing Activities			
Repayment of obligations under finance lease		**(61)**	(185)
Repayment of lease liabilities		**(1,892)**	-
Increase of loan due to third party (former non-controlling interest of a subsidiary		**58**	433
Decrease/(increase) in short-term deposits pledged		**2,640**	(1,621)
Interest paid		**(318)**	(9)
Net cash generated from/(used in) financing activities		**427**	(1,382)
Net decrease in cash and cash equivalents		**(2,024)**	(5,272)
Cash and cash equivalents at beginning of year		**4,546**	9,959
Effects of currency translation on cash and cash equivalents		**30**	(141)
Cash and cash equivalents at end of year	13	**2,552**	4,546

Reconciliation of liabilities arising from financing activities:

	At beginning of the year	Adoption of SFRS(I)16	Cash flow-lease payment	New leases	Interest expense	Foreign exchange movement	**At the end of the year**
	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**
2019							
Obligations under finance lease	**61**	**-**	**(61)**	**-**	**-**	**-**	**-**
Lease liabilities	-	**137**	**(1,892)**	**7,561**	**318**	**48**	**6,172**
2018							
Obligations under finance lease	246	-	(185)	-	-	-	61

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 37 Jalan Pemimpin #07-16, Mapex, Singapore 577177.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

Going concern

The Group is placed under SGX's watchlist financial criteria. The Group has incurred a loss for the year of S$1,280,000 (2018 - S$5,137,000) and a total comprehensive loss of S$1,430,000 (2018 - S$4,994,000). The Group's and the Company's accumulated losses amounted to S$9,414,000 (2018 - S$8,082,000) and S$10,181,000 (2018 - S$9,384,000), respectively. In addition, the Group has incurred net cash used in operating activities of S$2,463,000 (2018 - S$4,396,000). Revenue of the Group is derived from one customer.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concern. Management had assessed the assumptions of the use of going concern by performing a cash flow projection for the next 12 months based on the sales and related forecast.

The cash flow projection for the next 12 months from the reporting date prepared by management resulted in a net cash inflow. In addition, the Group and the Company have current liabilities of S$4.3 million and S$0.5 million, respectively as at 31 December 2019, which can be repaid by the following:

- cash balances of S$2.6 million and S$1.0 million of the Group and the Company, respectively, plus to-date and in accordance with the Settlement Agreement announced on 21 February 2020, the Company received the following:
- sum of S$4.0 million and S$0.47 million, constituting partial receipt of the PTMII loan receivable and PTMII loan interest, respectively (Note 12);
- a sum of S$0.42 million relating to the 50% of the proceeds from the sale of vessel; and
- a sum of S$0.4 million relating to the first two monthly instalments for the contingent consideration (Note 8).

The total amount of S$7.9 million as mentioned above is adequate to cover the current liabilities exposure of the Group and the Company.

The Group is also undergoing its cost-cutting plans to reduce expenditure. The Group will take active steps to meet the requirements of Rule 1314(2) of the SGX-ST Listing Manual within 36 months from 5 June 2017 to exit the financial criteria watch list.

NOTES TO THE
FINANCIAL STATEMENTS

2(a) Basis of preparation (Cont'd)

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)") including related interpretations promulgated by the Accounting Standards Council.

These consolidated financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(1)"), and have been prepared on the historical cost basis except as described in the notes below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars to the nearest thousand ($'000), unless otherwise stated.

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

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2019, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

SFRS(I) 16 Leases

SFRS(I) 16 Leases supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases - Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019. The Group has elected to transition to SFRS(I) 16 using the cumulative catch-up approach which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparatives under SFRS(I) 1-17.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(a) Definition of a lease
The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

(b) Lessee accounting

(i) Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for the office premise and certain plant and equipment, were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under SFRS(I) 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I)1-17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low-value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

NOTES TO THE
FINANCIAL STATEMENTS

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

(i) Former operating leases (Cont'd)

On 1 January 2019, the Group has applied the following SFRS(I) 16 transition provisions under the cumulative catch-up approach for each lease, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- recognises a right-of-use asset, on a lease-by-lease basis at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.
- applies SFRS(I) 1-36 Impairment of Assets to perform an impairment review of the right-of-use asset; and
- adjusts any difference between the carrying amounts of the right-of-use asset and the lease liability to the opening balance of retained earnings.

The Group has adopted the following SFRS(I) 16 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under SFRS(I) 1-17:

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- adjusts the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets in the statement of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SFRS(I) 1-36;
- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months from the date of initial application;
- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

On 1 January 2019, with regards to the Group's leases of motor vehicles that were formerly classified as finance lease under SFRS(I) 1-17, the carrying amounts of the leased assets (in property, plant and equipment) and obligations under finance lease immediately before the date of initial application were not reclassified to right-of-use assets and lease liabilities under SFRS(I) 16 as the lease term of these leased assets ended within twelve months from the date of initial application.

(c) Deferred tax effects on adoption of SFRS(I) 16

In certain jurisdictions that the Group operates in, tax deductions are available only for the lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 January 2019, these tax circumstances give rise to temporary differences on initial recognition of both the right-of-use asset and lease liability. However, the deferred tax effects for these temporary differences, either initially or over the lease term, are not recognised due to application of the initial recognition exemption in SFRS(I) 1-12 Income Taxes, that explicitly excludes recognising the deferred tax effects arising from initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit or taxable profit.

NOTES TO THE FINANCIAL STATEMENTS

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(c) Deferred tax effects on adoption of SFRS(I) 16 (Cont'd)

In July 2019, the International Accounting Standards Board ("IASB") decided to propose amendments to International Accounting Standard ("IAS") 12 Income Taxes which would narrow the scope of the initial recognition exemption in IAS 12 such that it would no longer apply when an entity recognises equal amount of deferred tax asset and deferred tax liability arising from the initial recognition of a right-of-use asset and a lease liability under IFRS 16 Leases. In November 2019, the public comment window had closed for the Exposure Draft on Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Proposed amendments to IAS 12) issued by IASB. If implemented, an entity shall apply these amendments retrospectively. At the date of these financial statements, IASB has not issued these amendments to IAS 12 or any related IFRS pronouncements. Accordingly, no adjustment has been made by the Group in these financial statements in respect of this matter.

(d) Financial impact of initial application of SFRS(I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is 4.52%.

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is as follows:

	$'000
Operating lease commitments disclosed at 31 December 2018	126
Lease period not previously included that is under extension option reasonably certain to be exercised	19
Discounting based on the weighted average incremental borrowing rate	(8)
Lease liabilities recognised on 1 January 2019	137

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

	Increase/(Decrease) $'000
Assets	
Right-of-use assets	137
Liabilities	
Lease liabilities	137

There is no impact to the opening retained earnings as of 1 January 2019.

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Group has adopted SFRS(I) INT 23 for the first time in the current year. SFRS(I) INT 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings, as follows:
  - if yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or
  - if no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method

There is no material impact to the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to References to the Conceptual Framework in SFRS(I)		1 January 2020
Amendments to SFRS(I) 3	Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material	1 January 2020

Amendments to References to the Conceptual Framework in SFRS(I)
The Conceptual Framework for Financial Reporting is the foundation on which new accounting standards are developed. The revised Conceptual Framework became effective immediately upon its publication in March 2018. The main changes to principles in the Conceptual Framework have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. Some entities may use the Conceptual Framework as a reference for selecting their accounting policies in the absence of specific SFRS(I) requirements. In these cases, the entities should review those policies and apply the new guidance retrospectively

The Amendments to References to the Conceptual Framework in SFRS(I) are issued together with the revised Conceptual Framework. Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the Conceptual Framework. The Amendments to References to the Conceptual Framework in SFRS(I) Standards sets out amendments to SFRS(I), their accompanying documents and SFRS(I) practice statements to reflect the issue of the revised Conceptual Framework. These amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to SFRS(I) 3: Definition of a Business
On 11 March 2019, Accounting Standards Council ("ASC") issued the narrow-scope amendments to SFRS(I) 3 Business Combinations to improve the definition of a business. The amendments narrowed and clarified the definition of a business.

They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amendments to SFRS(I) 3 should apply for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after 1 January 2020, with earlier application permitted.

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material
The amendments are intended to make the definition of 'material' in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I). The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of 'material' in SFRS(I) 1-8 has been replaced by a reference to the definition of 'material' in SFRS(I) 1-1. In addition, the other SFRS(I) and the Conceptual Framework, which contain a definition of 'material' or refer to the term 'material', have been updated to ensure consistency.

The amendments to SFRS(I) 1-1 and SFRS(I) 1-8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

In respect of the above amendments to SFRS(I), the Group is currently assessing the impact to its consolidated financial statements.

2(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

i) Significant judgements used in applying accounting policies
The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

<u>Assessment of ability to exercise control over PTMII</u>
Previously, a minority shareholder of PTMII in Batam had brought a legal claim against the Group on the validity of certain clauses in the Conditional Sales and Purchase Agreement ("CSPA") signed between the Company and the said minority shareholder relating to the Company's ability to appoint directors to the Board of PTMII. On 16 January 2017, the High Court of Singapore ruled in favour of the Company to enforce its legal rights to appoint new directors to the Board of directors of PTMII. Based on this order, the Company successfully appointed two directors to the Board of PTMII in February 2017. Even after the appointment of two nominee directors into the Board of PTMII, the Group was still unable to participate in any decision making of PTMII as the nominee directors were passive in the Board of PTMII and they had not participated in any of the Board and business meetings of PTMII since their appointment. Furthermore, one of the nominee directors of the Company was not contactable which resulted in the Group not participating in any of the board decision making in the operations, financial management and affairs of PTMII during the year and the Group did not have any practical ability to exercise their rights towards the financial and operating affairs of PTMII. As a result of the above, the Group was left effectively with only one nominee director to the Board of PTMII to obtain any documents and accounting records for the Group to prepare and maintain its consolidated financial statements which the Group did not have any access to. In addition, the Group's repeated requests to PTMII for the nominees to be added as bank signatories of PTMII had not been acceded to.

NOTES TO THE
FINANCIAL STATEMENTS

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

i) Significant judgements used in applying accounting policies (Cont'd)

Assessment of ability to exercise control over PTMII (Cont'd)
On 4 August 2017, the Company had announced that the Batam district court had declared on 17 May 2017 that, inter alia, it had no jurisdiction to hear the claim by the said minority shareholder to declare that certain clauses of the CSPA relating to the right of the Company to appoint directors to the Board of PTMII are null and void. In response to the court's decision, the minority shareholder filed an appeal to the Riau High Court on 24 May 2017. The Company's Indonesian counsel received the memorandum of appeal from the Riau High Court on 28 July 2017.

To avoid the need for the Company to continue in lengthy litigations and court actions against the said minority shareholder and PTMII on the compliance of the CSPA as well as engaging in unproductive legal issues, the Company has entered into a binding Term Sheet on 18 April 2018 to resolve the disputes arising out of and/or in connection with all the agreements and the legal proceedings. This Term Sheet demonstrates the Group's intention to divest the entire equity interest in PTMII so that it can continue to place focus on growing its core business segments in trading and engineering & construction logistics. The 2 nominee directors shall resign from their position as directors of the Board of directors of PTMII and the said minority shareholder shall also resign as an employee of the Company within 14 days after the receipt of US$4.5 million from the said minority shareholder.

Management had taken into consideration of the above triggering events which indicated a change in circumstances that resulted in the Group with neither any participation nor practical ability to exercise its rights in the affairs and operations of PTMII nor any influence on PTMII's management. In accordance with SFRS(I) 10, the loss of control represents a significant economic event that requires the parent to stop consolidating the subsidiary at the date when control is lost. Accordingly, management had deconsolidated PTMII from the Group with effect from 1 January 2017 and reclassified its investment in PTMII as financial assets at FVOCI from that date.

Income tax
Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such a determination is made.

Determination of operating segments
Management identifies the Chief Operating Decision Maker ("CODM") as well as their business activities (which may not necessarily earn revenue or incur expenses). Management has further determined whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management in the allocation of resources to the operating segments.

NOTES TO THE
FINANCIAL STATEMENTS

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

i) Significant judgements used in applying accounting policies (Cont'd)

Determination of the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of the office premise and plant and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment tests for cash-generating units containing goodwill (Note 5)

Goodwill is allocated to the Group's cash-generating units ("CGU") according to the individual subsidiary as follows:

	31 December 2019 $'000	31 December 2018 $'000
PT IPA		
Cost	101	101
Less: impairment loss	(101)	(101)
	-	-

The recoverable amount of a CGU is determined based on the higher of fair value less cost to sell ("FVLCTS") and value-in-use ("VIU") calculations.

Based on the impairment assessment, an impairment loss of S$0.1 million was recognised on goodwill allocated to PT IPA in the financial year ended 31 December 2018. Following the impairment loss recognised in the PT IPA, the recoverable amount was equal to the carrying amount.

The carrying amount of goodwill as at 31 December 2019 amounted to S$Nil (2018 - S$Nil).

NOTES TO THE
FINANCIAL STATEMENTS

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Impairment tests for property, plant and equipment and right-of-use assets (Notes 3 and 4)
These assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

A decrease of 5% (2018 - 5%) in the value-in-use of the Group's property, plant and equipment and right-of-use assets would have decreased the Group's profit by S$31,000 (2018 - S$30,000) and S$365,000 (2018 – S$Nil), respectively. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets are disclosed in Notes 3 and 4 to the financial statements.

Allowance for expected credit losses ("ECL") on trade and other receivables (Note 8)
Allowance for ECL of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amount of the Group's and the Company's trade and other receivables are disclosed in Note 8. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

Estimation of the incremental borrowing rate ("IBR")
For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's right-of-use assets and lease liabilities are disclosed in Notes 4 and 16 respectively. An increase/decrease of 50 basis points in the estimated IBR will not have a significant impact on the Group's right-of-use assets and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

<u>Depreciation of property, plant and equipment and right-of-use assets (Notes 3 and 4)</u>
Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. The Group's management estimates the useful lives of these assets to be within 1 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If depreciation on the Group's property, plant and equipment and right-of-use assets changes by 10% (2018 - 10%) from management's estimates, the Group's loss for the year will increase/decrease by approximately S$58,000 (2018 - S$42,000). The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets are disclosed in Note 3 and Note 4 to the financial statements respectively.

<u>Impairment of amounts due from subsidiaries (Note 11)</u>
The Company held non-trade receivables from its subsidiaries of S$4,369,000 (2018 - S$4,735,000) as at the end of the reporting period. The impairment of the amounts due from its subsidiaries are based on the expected credit loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the end of the reporting period. As a result of management's assessment, the Company is not exposed to significant credit loss arising from amounts due from subsidiaries.

<u>Impairment of investments in subsidiaries (Note 6)</u>
Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

At the reporting date, the carrying amounts of investments in subsidiaries are S$200,000 (2018 - S$4,852,000). Management has evaluated the recoverability of the investment based on such estimates. If the present value of estimated future cash flows decreases by 10% (2018 - 10%) from management's estimates, the Company's allowance for impairment of investments in subsidiaries will increase by S$20,000 (2018 - S$485,200).

<u>Allowance for inventory obsolescence</u>
The Group reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable values of the inventory decrease/increase by 10% (2018 - 10%) from management's estimates, the Group's loss for the year will increase/decrease by S$2,000 (2018 - S$4,000). The carrying amounts of the Group's inventories are disclosed in Note 10 to the financial statements.

<u>Recoverability of loans due from PTMII and contingent consideration (Notes 12 and 8)</u>
As at 31 December 2019, the Group's loans due from PTMII and contingent consideration amounted to S$14.0 million (2018 - S$13.9 million) (Note 12) and S$6.1 million (2018 - S$6.1 million (Note 8) respectively. Management has evaluated the expected credit loss to be insignificant based on considerations as detailed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies

Consolidation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company or its subsidiary reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company or its subsidiary has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company or its subsidiary considers all relevant facts and circumstances in assessing whether or not the Company's or its subsidiary's voting rights in an investee are sufficient to give it power, including:

- size of the Company's or its subsidiary's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company or its subsidiary, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances which indicate that the Company or its subsidiary has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company or its subsidiary obtains control over the subsidiary or investee and ceases when the Company or its subsidiary loses control of the subsidiary or investee. Specifically, income and expenses of a subsidiary or an investee acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company or its subsidiary gains control until the date when the Company or its subsidiary ceases to control the subsidiary or investee.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

(ii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2(e) Significant accounting policies (Cont'd)

Consolidation (Cont'd)

(ii) Changes in the Group's ownership interests in existing subsidiaries (Cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date on which the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(e) Significant accounting policies (Cont'd)

Business combinations (Cont'd)
Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Intangible assets
Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

<u>Goodwill</u>
Goodwill on acquisition of subsidiaries represents the excess 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 the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

Investment in subsidiaries
Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

Leasehold improvement	2 to 10 years (depreciated over shorter of the period of the lease terms or useful lives)
Furniture and fittings	3 to 10 years
Plant and machinery	3 to 10 years
Office and other equipment	3 to 10 years
Motor vehicles	1 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

Property, plant and equipment (Cont'd)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Impairment of non-financial assets

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(e) Significant accounting policies (Cont'd)

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Measurement

Initial recognition and measurement
Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policies in this section Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding on the asset.

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

The Group's and the Company's financial assets at amortised cost include trade and other receivables, loans due from PTMII, amounts due from subsidiaries, excluding prepayments.

2(e) Significant accounting policies (Cont'd)

(a) Financial assets (Cont'd)

Fair value through other comprehensive income (debt instruments)
Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised. The Group does not have financial assets at FVOCI (debt instruments).

Financial assets designated at fair value through OCI (equity instruments)
The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Financial assets at fair value through profit and loss
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established. The Group does not have financial assets at fair value through profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

(a) Financial assets (Cont'd)

Derecognition
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instrument assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs.

The financial liabilities include trade and other payables, amounts due to subsidiaries, obligations under finance lease and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS(I) 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

(b) Financial liabilities (Cont'd)

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

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank deposits with financial institutions which are subject to an insignificant risk of changes in value and are used by the Group in the management of its short-term commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude cash restricted in use, and are presented net of bank overdraft which is repayable on demand and which forms an integral part of cash management.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method and includes all costs in bringing the inventories to their present location and condition. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related overheads, but excludes borrowing costs.

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

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund in Singapore on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

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

Revenue from contracts with customers
Goods and services sold
Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue is recognised at a point in time.

Rental income from leasing of equipment
The Group leases out its equipment under operating lease and recognises rental income proportionately over the lease term. Rental income from equipment is recognised as 'revenue' on a straight-line basis over the term of the lease.

Government grants
Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

NOTES TO THE
FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

Leases (from 1 January 2019)
(i) The Group as lessee
The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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 trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2(e) Significant accounting policies (Cont'd)

Leases (from 1 January 2019) (Cont'd)
(i) The Group as lessee (Cont'd)

(b) Right-of-use asset
The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Office premise	: 2 years
Office and other equipment	: 3 to 5 years
Heavy equipment	: 8 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from sublease of heavy equipment under operating leases as income on a straight- line basis over the lease term within "revenue" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

Leases (from 1 January 2019) (Cont'd)
<u>(ii) The Group as lessor (Cont'd)</u>

Intermediate lessor in sublease
When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption or when the sublease does not transfer substantially all of the risks and rewards incidental to the ownership of the assets, then it classifies the sublease as an operating lease.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "finance lease receivables" in the statement of financial position. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

Leases (before 1 January 2019)
<u>(i) The Group as lessee</u>

(a) Operating lease
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) Finance lease
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 statement of financial position as property, plant and equipment and obligations under finance lease, respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

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

Income taxes
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

2(e) Significant accounting policies (Cont'd)

Income taxes (Cont'd)
Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Related parties
A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

Related parties (Cont'd)

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

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

<u>Key management personnel</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of constitution of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

2(e) Significant accounting policies (Cont'd)

Foreign currency transactions and translation (Cont'd)
On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or disposal involving loss of control over a subsidiary that includes a foreign operation, loss of significant influence over an associate that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Segment reporting
Operating segment
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment.

Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares, which comprise any convertible bonds and warrants.

Contingencies
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. If an inflow of economic benefits has become probable, an entity discloses the contingent asset. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. The amount recognised as a contingent consideration receivable at initial recognition shall be the best estimate of the inflow of economic benefits. Contingent consideration receivable is subsequently accounted for as financial asset at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Property, plant and equipment

The Group	Leasehold improvement $'000	Furniture and fitting $'000	Plant and equipment $'000	Office and other equipment $'000	Motor vehicles $'000	Heavy equipment $'000	Construction in-progress $'000	Total $'000
Cost								
At 1 January 2018	348	13	304	458	3,008	-	127	4,258
Additions	15	-	5	12	47	-	73	152
Disposals	-	-	(309)	(62)	(2,625)	-	-	(2,996)
Write off	(11)	-	-	-	-	-	-	(11)
Reclassification	-	-	-	-	15	180	(195)	-
Currency translation differences	-	-	-	(5)	(7)	-	(5)	(17)
At 31 December 2018	352	13	-	403	438	180	-	1,386
Additions	-	-	-	37	298	-	-	335
Disposals	(3)	-	-	(63)	(247)	-	-	(313)
Currency translation differences	-	-	-	2	6	5	-	13
At 31 December 2019	**349**	**13**	**-**	**379**	**495**	**185**	**-**	**1,421**
Accumulated depreciation								
At 1 January 2018	170	6	125	317	1,855	-	-	2,473
Depreciation for the year	178	7	16	50	161	9	-	421
Disposals	-	-	(141)	(28)	(1,928)	-	-	(2,097)
Write off	(11)	-	-	-	-	-	-	(11)
Currency translation differences	-	-	-	(1)	(1)	-	-	(2)
At 31 December 2018	337	13	-	338	87	9	-	784
Depreciation for the year	8	-	-	32	69	23	-	132
Disposals	(2)	-	-	(45)	(76)	-	-	(123)
Impairment losses	-	-	-	-	-	8	-	8
Currency translation differences	-	-	-	1	1	1	-	3
At 31 December 2019	**343**	**13**	**-**	**326**	**81**	**41**	**-**	**804**
Net book value								
At 31 December 2019	**6**	**-**	**-**	**53**	**414**	**144**	**-**	**617**
At 31 December 2018	15	-	-	65	351	171	-	602

NOTES TO THE FINANCIAL STATEMENTS

3 Property, plant and equipment (Cont'd)

The Company	Leasehold improvement	Office and other equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 January 2018	347	43	198	588
Additions	15	-	-	15
Write off	(11)	-	-	(11)
At 31 December 2018	**351**	**43**	**198**	**592**
Additions	**-**	**2**	**230**	**232**
Disposals	**(1)**	**(4)**	**-**	**(5)**
Transfer upon strike off of a subsidiary	**-**	**64**	**-**	**64**
At 31 December 2019	**350**	**105**	**428**	**883**
Accumulated depreciation				
At 1 January 2018	169	14	10	193
Depreciation for the year	178	16	20	214
Write off	(11)	-	-	(11)
At 31 December 2018	**336**	**30**	**30**	**396**
Depreciation for the year	**7**	**10**	**58**	**75**
Disposals	**-**	**(3)**	**-**	**(3)**
Transfer upon strike off of a subsidiary	**-**	**63**	**-**	**63**
At 31 December 2019	**343**	**100**	**88**	**531**
Net book value				
At 31 December 2019	**7**	**5**	**340**	**352**
At 31 December 2018	15	13	168	196

(1) During the financial year, plant and equipment transferred at net book value to the Company from its subsidiary amounted to S$1,000 (2018: S$Nil).

(2) The carrying amounts of the Group's property, plant and equipment included under finance lease agreement are as follows:

The Group	**31 December 2019**	31 December 2018
	$'000	$'000
Motor vehicles	**-**	100

(3) There were impairment indicators for the Group's and the Company's property, plant and equipment. Refer to Note 6 for the impairment assessment on property, plant and equipment.

(4) The Group's depreciation of the property, plant and equipment is allocated as follows:

The Group	**2019**	2018
	$'000	$'000
Cost of sales	**-**	154
General and administrative expenses	**132**	267
	132	421

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Right-of-use assets

The Group

	Office premise $'000	Office and other equipment $'000	Heavy equipment $'000	Total $'000
Cost				
Adoption of SFRS(I) 16:				
- Initial recognition	91	46	-	137
At 1 January 2019	91	46	-	137
Additions	-	-	7,561	7,561
Currency translation differences	-	-	50	50
At 31 December 2019	**91**	**46**	**7,611**	**7,748**
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation for the year	45	7	395	447
Currency translation differences	-	-	2	2
At 31 December 2019	**45**	**7**	**397**	**449**
Net book value				
At 31 December 2019	**46**	**39**	**7,214**	**7,299**
At 1 January 2019	**91**	**46**	**-**	**137**

The Company

	Office premise $'000	Office and other equipment $'000	Total $'000
Cost			
Adoption of SFRS(I) 16:			
- Initial recognition	91	46	137
At 1 January 2019	91	46	137
Additions	-	-	-
At 31 December 2019	**91**	**46**	**137**
Accumulated depreciation			
At 1 January 2019	-	-	-
Depreciation for the year	45	7	52
At 31 December 2019	**45**	**7**	**52**
Net book value			
At 31 December 2019	**46**	**39**	**85**
At 1 January 2019	**91**	**46**	**137**

Information about the Group's leasing activities are disclosed in Note 25.

There were impairment indicators for the Group's and the Company's right-of-use assets. Refer to Note 6 for the impairment assessment on right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

5 Intangible assets

The Group	31 December 2019 $'000	31 December 2018 $'000
Goodwill arising on consolidation	**-**	-

(a) Goodwill arising on consolidation

The Group	31 December 2019 $'000	31 December 2018 $'000
Cost		
Beginning and end of financial year	**101**	101
Accumulated impairment		
Beginning of financial year	**(101)**	-
Impairment loss (Note 21(b))	**-**	(101)
End of financial year	**(101)**	(101)
Net book value	**-**	-

Please refer to Note 6 for the impairment assessment of goodwill for the Group.

6 Investments in subsidiaries

The Company	31 December 2019 $'000	31 December 2018 $'000
Unquoted equity investments, at cost		
At beginning of year	**5,451**	5,081
Additions during the year	**-**	370
Strike off (Note B)	**(4,652)**	-
At end of year	**799**	5,451
Allowance for impairment losses		
At beginning of year	**(599)**	(212)
Impairment loss	**-**	(387)
At end of year	**(599)**	(599)
Carrying amount	**200**	4,852

Impairment tests for investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill

For the financial year ended 31 December 2019, management of the Group had carried out an impairment assessment over the investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill and identified certain significant cash generating units ("CGUs") to have indications of possible impairment issues at 31 December 2019 as they were loss-making for the past few years and with net cash outflow from operations.

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries (Cont'd)

Impairment tests for investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill (Cont'd)

Impairment of property, plant and equipment and right-of-use assets
As at 31 December 2019, the carrying amount of the Group's and the Company's property, plant and equipment amounted to S$617,000 (2018 - S$602,000) and S$352,000 (2018 - S$196,000), respectively. As at 31 December 2019, the carrying amount of the Group's and the Company's right-of-use assets amounted to S$7,299,000 (2018 - S$Nil) and S$85,000 (2018 - S$Nil), respectively.

For the financial year ended 31 December 2019 and 2018, the Group has identified that there are triggers of impairment for:

- The Indonesia subsidiary as it was in a net deficit position and with net cash outflow from operations.
- The Company as it was having accumulated losses and incurred losses for the year.

The recoverable amount of the property, plant and equipment and right-of-use assets was based on the higher of fair value less costs to sell and value-in-use.

In the financial year ended 31 December 2019, management had assessed the recoverable amounts of property, plant and equipment and right-of-use assets based on external suppliers' quote, representing the fair value less cost to sell, which is the higher of fair value less costs to sell and value-in-use Management had compared the carrying value of the property, plant and equipment and right-of-use assets with the recoverable amounts and had determined an impairment loss of S$8,000 (2018 - S$Nil) to be recognised in the profit or loss for the financial year ended 31 December 2019.

Impairment of cost of investment in subsidiaries
As at 31 December 2019, the carrying amount of the investment in subsidiaries amounted to S$200,000 (2018 - S$4,852,000).

The recoverable amount of the cost of investment in subsidiaries was based on the higher of fair value less costs to sell and value-in-use. The fair value less cost to sell is determined based on the fair values of each of the identified assets and liabilities of each subsidiary. The financials of the identified subsidiaries comprised mainly current assets and current liabilities with short term to maturity and approximated their fair values at year end. The non-current assets approximated to their fair values based on market quotes for the equipment and vehicles from reliable sources in Indonesia. The carrying amount of the revalued net assets, which approximated the fair value of the net assets, would be deemed as the recoverable amount of the subsidiaries. Recoverable amount is determined based on the fair value less cost to sell, which is the higher of fair value less costs to sell and value-in-use. Based on management's evaluation, no impairment is required for the financial year ended 31 December 2019 since the recoverable amount of these subsidiaries are still higher than the carrying values at year end. In the financial year ended 31 December 2018, the impairment loss amounted S$387,000 was recognised in profit or loss of the Company, being the shortfall between the carrying amount and the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries (Cont'd)

Impairment tests for investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill (Cont'd)

Impairment of goodwill

In the last financial year ended 31 December 2018, management had estimated the recoverable amount of PT IPA based on the higher of fair value less cost to sell and value-in-use. The fair value less cost to sell was determined based on the financials of PT IPA which comprised mainly cash balances, trade and other receivables and trade and other payables which were current and approximated fair value at year end. Based on the impairment testing, an impairment loss of S$101,000 in respect of goodwill was recognised under other operating expenses in profit or loss of the Group for the financial year ended 31 December 2018, being the shortfall between the carrying amount and the recoverable amount.

Details of investments in subsidiaries as at 31 December 2019 and 2018 are as follows:

Name	Country of incorporation/ place of business	Attributable to equity interest of the Group 2019 %	2018 %	Principal activities
Held by the Company				
PSL Metal Pte. Ltd. [e]	Singapore	**-**	100	Installation of industrial machinery and equipment; mechanical engineering works and building construction
TSL Transport & Engineering Pte. Ltd. ("TSL") [e]	Singapore	**-**	100	Excavation and earth moving works and general engineering activities
KCL Logistics Pte Ltd [a]	Singapore	**100**	100	Investment holding
PSL Maritime Strategic Pte. Ltd. [a]	Singapore	**100**	100	Investment holding
PSL Maritime Logistics Holdings Pte. Ltd. [a]	Singapore	**100**	100	Logistics provider
PSL Construction Logistics Holdings Pte. Ltd. [e]	Singapore	**-**	100	Excavation and earth moving works
PSL Properties Pte Ltd [a]	Singapore	**100**	100	Real estate activities with own or leased properties
Held by KCL Logistics Pte Ltd				
PT PSL Commodities Indonesia [b]	Indonesia	**99**	99	Investment holding
Held by PT PSL Commodities Indonesia				
PT Indah Perkasa Abadi ("PT IPA") [c]	Indonesia	**74.3**	74.3	Construction and infrastructure activities
Held by PSL Maritime Strategic Pte. Ltd.				
PT Jaya Sukses Investasi [b]	Indonesia	**99.9**	99.9	Investment holding
Held by PT Jaya Sukses Investasi				
PT Selaras Sukses Selalu [b]	Indonesia	**99.99**	99.99	Investment holding
Held by PT Selaras Sukses Selalu				
PT Momentum Indonesia Investama ("PTMII") [d]	Indonesia	**-**	-	Engaged in shipping including transport and shipping cargo and rental of vessels

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries (Cont'd)

(a) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.
(b) Not required to be audited under the laws of the country of incorporation.
(c) Audited by HLB Hadori Sugiarto Adi & Rekan.
(d) Following management's evaluation and conclusion to deconsolidate PTMII with effect from 1 January 2017, the investment in PTMII was reclassified as available-for-sale financial assets which was then reclassified as financial assets, at FVOCI on 1 January 2018.
(e) These subsidiaries are in the process of being struck-off.

Carrying value of non-controlling interests ("NCI")

The Group	**31 December 2019 $'000**	31 December 2018 $'000
Non-material NCI	**1**	1
PT Indah Perkasa Abadi ("PT IPA")	**(321)**	(360)
	(320)	(359)

Interest in a subsidiary with material non-controlling interest
Summarised financial information of a subsidiary that has a material non-controlling interest (NCI) is set out below. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 December 2019 and 2018 apart from those disclosed in Note 26.

Summarised balance sheet

31 December 2019

	PT IPA $'000	**Non-material NCI $'000**	**Total $'000**
Current			
Assets	**5,779**	**6,403**	**12,182**
Liabilities	**(9,800)**	**(5,437)**	**(15,237)**
Total net current (liabilities)/assets	**(4,021)**	**966**	**(3,055)**
Non-current			
Assets	**7,495**	**204**	**7,699**
Liabilities	**(4,769)**	**-**	**(4,769)**
Total net non-current assets	**2,726**	**204**	**2,930**
Net (liabilities)/assets	**(1,295)**	**1,170**	**(125)**
Net (liabilities)/assets attributable to NCI	**(321)**	**1**	**(320)**

31 December 2018

	PT IPA $'000	Non-material NCI $'000	Total $'000
Current			
Assets	6,889	6,228	13,117
Liabilities	(8,706)	(5,289)	(13,995)
Total net current (liabilities)/assets	(1,817)	939	(878)
Non-current			
Assets	402	204	606
Liabilities	(25)	-	(25)
Total net non-current assets	377	204	581
Net (liabilities)/assets	(1,440)	1,143	(297)
Net (liabilities)/assets attributable to NCI	(360)	1	(359)

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries (Cont'd)

Summarised statement of comprehensive income

31 December 2019

	PT IPA $'000
Revenue	**1,665**
Profit before income tax	**222**
Income tax expense	**(25)**
Profit after tax	**197**
Other comprehensive loss	**(40)**
Total comprehensive income	**157**
Total comprehensive income allocated to non-controlling interest	**39**

31 December 2018

	PT IPA $'000	TSL $'000	Total $'000
Revenue	7,067	690	7,757
(Loss)/profit before income tax	(1,602)	212	(1,390)
Income tax expense	(473)	-	(473)
(Loss)/profit after tax	(2,075)	212	(1,863)
Other comprehensive loss	(14)	-	(14)
Total comprehensive (loss)/income	(2,089)	212	(1,877)
Total comprehensive (loss)/income allocated to non-controlling interest	(522)	2	(520)

Summarised cash flow statement

31 December 2019	**PT IPA $'000**
Cash flows from operations	**1,704**
Interest paid	**(322)**
Income tax paid	**(619)**
Net cash generated from operating activities	**763**
Net cash used in investing activities	**(2,353)**
Net cash used in financing activities	**(963)**
Net decrease in cash and cash equivalents	**(2,553)**

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries (Cont'd)

Summarised cash flow statement (Cont'd)

31 December 2018	PT IPA $'000
Cash flows used in from operations	(706)
Interest paid	(9)
Income tax paid	(105)
Net cash used in operating activities	(820)
Net cash used in investing activities	(32)
Net cash generated from financing activities	2,067
Net increase in cash and cash equivalents	1,215

A. Acquisition of non-controlling interests

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary, TSL that did not result in change of control, on the equity attributable to owners of the parent.

	2019 $'000	2018 $'000
Amount paid on changes in ownership interest in a subsidiary	-	370
Non-controlling interest acquired	-	(9)
Difference recognised in capital reserves	-	361

In the financial year ended 31 December 2018, the Company acquired an additional 2,500 ordinary shares in TSL Transport & Engineering Pte Ltd and increased its equity ownership in the subsidiary from 99.17% to 100%.

Changes in the Group's interest in a subsidiary that do not result in a loss of control were accounted for as transactions with owners in their capacity as owners. The decrease in the NCI share of S$361,000 was charged to capital reserve.

B. Strike-off of entities

For the financial year ended 31 December 2019, the Company has struck-off 3 subsidiaries. These subsidiaries are consolidated until the date they are struck off and ceased to be subsidiaries of the Company. The gain on disposal of the subsidiaries amounted to S$763,000 at the Company level.

	Gain/(Loss) on strike- off at Company level 2019 $'000
PSL Metal Pte. Ltd.	**713**
TSL Transport & Engineering Pte. Ltd.	**66**
PSL Construction Logistics Holdings Pte. Ltd.	**(16)**
	763

7 Financial assets, at FVOCI

The Group	2019 $'000	2018 $'000
Equity instrument designated at fair value through other comprehensive income ("FVOCI")		
At 1 January	**2**	-
Reclassification from available-for-sale financial assets at 1 January 2018	**-**	5
Changes in fair value recognised in OCI	**-**	(3)
De-recognition of equity instruments at FVOCI upon liquidation of entity	**(2)**	-
At 31 December	**-**	2
Fair value of FVOCI	**-**	2
Presented as:		
Non-Current Assets		
Financial assets, at FVOCI	**-**	2

Equity instrument designated at fair value through OCI
At 1 January 2018, the Group designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for long-term investments.

These equity investments are de-recognised upon liquidation of the invested entity, any related balance within the FVOCI reserve is reclassified to retained earnings.

8 Trade and other receivables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
Current				
Trade receivables				
- Non-related parties (a)	**735**	1,542	**-**	-
- Accrued service revenue (b)	**-**	556	**-**	-
Allowance for impairment losses	**(1)**	(819)	**-**	-
	734	1,279	**-**	-
Contingent consideration on acquisition of PTMII (c)	**2,357**	6,134	**2,357**	6,134
GST recoverable	**889**	321	**1**	14
Sundry receivables	**1,640**	1,221	**-**	-
Allowance for impairment losses	**(184)**	(212)	**-**	-
	1,456	1,009	**-**	-
Deposits	**19**	287	**14**	249
	5,455	9,030	**2,372**	6,397
Advance payments to suppliers	**1,304**	430	**-**	-
Prepayments	**155**	82	**19**	46
	6,914	9,542	**2,391**	6,443
Non-Current				
Contingent consideration on acquisition of PTMII (c)	**3,699**	-	**3,699**	-
	10,613	9,542	**6,090**	6,443

NOTES TO THE
FINANCIAL STATEMENTS

8 Trade and other receivables (Cont'd)

(a) Trade receivables are non-interest bearing and are generally granted 30 to 90 days (2018 - 30 to 90 days) credit term.

(b) Accrued service revenue relates to services rendered but not billed to customers. They will be billed upon completion of the project.

(c) As at 31 December 2019, contingent considerations of S$6,056,000 (2018 - S$6,134,000) comprised net profit guarantee from the vendors of PTMII. The vendors of PTMII had provided a guarantee to the Group that PTMII will achieve an aggregate of approximately S$17,300,000 (US$12,245,000). Net Profit after Tax ("NPAT") over a 24-month period following completion date in November 2015. The actual NPAT achieved will be compared against the targeted NPAT. In the event that the targeted NPAT is not achieved, the vendors of PTMII are obliged to compensate the shortfall amount in cash based on the 49% Group's ownership interest in PTMII. Refer to Note 12 for details of the settlement agreement and term sheet entered into in 2019 and 2018.

Following management's decision to deconsolidate PTMII with effect from 1 January 2017, management had signed a binding Term Sheet on 18 April 2018 and had subsequently signed Definitive Agreements on 10 December 2018 with the Indonesian shareholders of PTMII to resolve all disputes arising out of/or in connection with all the agreements and legal proceedings between the Company & PTMII. One of the terms of the Term Sheet included the payment of US$4,500,000 (S$6,134,000) from the vendors of PTMII. Consequent to the settlement of the contingent consideration, the fair value of the profit guarantee approximated to S$6,134,000 and an additional amount of $122,000 was recognised in profit or loss for the financial year ended 31 December 2018.

Movement in contingent considerations on previous acquisition of PT MII are as follows:

The Group and The Company	**31 December 2019 $'000**	31 December 2018 $'000
Balance at beginning of year	**6,134**	6,012
Fair value changes on profit guarantee due from Vendors (Note 19)	**(78)**	122
Balance at end of year	**6,056**	6,134

The Group – Allowance for impairment losses of trade receivables	**2019 $'000**	2018 $'000
As at 1 January	**(819)**	(680)
Increase in loss allowance recognised in profit or loss during the year (Note 21(b))	**(1)**	(140)
Impairment reversed (Note 20)	**20**	1
De-recognition upon liquidation of entities	**799**	-
As at 31 December	**(1)**	(819)

The movement in allowance for impairment losses of sundry receivables is as follows:

	The Group		**The Company**	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
Beginning of financial year	**212**	**212**	**-**	-
De-recognition upon liquidation of entities	**(28)**	**-**	**-**	-
End of financial year	**184**	**212**	**-**	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Deferred tax asset

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
Deferred tax asset	**16**	-	**-**	-

Movement in deferred income tax asset/ (liabilities) is as follows:

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
At beginning of year	**-**	13	**-**	-
Tax credited/(charged) to profit or loss (Note 23)	**16**	(13)	**-**	-
At end of year	**16**	-	**-**	-

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

The Group	Accelerated tax depreciation $'000	Unutilised capital allowance $'000	Total $'000
At 1 January 2018	13	-	13
Tax charged to profit or loss (Note 23)	(13)	-	(13)
At 31 December 2018	-	-	-
Tax credited to profit or loss (Note 23)	**-**	**16**	**16**
At 31 December 2019	**-**	**16**	**16**

Deferred taxation is mainly attributable to the tax effect of the temporary differences between the carrying amount and tax written down values of qualifying property, plant and equipment.

10 Inventories

The Group	**2019 $'000**	2018 $'000
Fuel and spare parts	**21**	42

The costs of inventories recognised as an expense and included in "cost of sales" amounted to S$64,700 (2018 - S$2,790,000) for the financial year ended 31 December 2019. Inventories have been reduced by S$2,000 (2018 - S$39,000) due to obsolete inventories. The write-down is included in 'other operating expenses'.

NOTES TO THE FINANCIAL STATEMENTS

11 Amounts due from/(to) subsidiaries

The Company	31 December 2019 $'000	31 December 2018 $'000
Current		
Amounts due from subsidiaries:		
- trade	**-**	54
- non-trade	**1,367**	1,361
Loan due from a subsidiary	**6,183**	6,501
Allowance for impairment loss	**(3,181)**	(3,181)
	4,369	4,735
Amounts due to subsidiaries:		
- non-trade (Note A)	**(150)**	(5,476)

Note A: The amounts due to subsidiaries of S$5.4 million as at 31 December 2018 was partially set-off against the carrying value of the cost of investment of the 3 subsidiaries that were struck-off during the current financial year ended 31 December 2019.

Trade balances with subsidiaries relate to management fee receivables. Non-trade balances with subsidiaries and loan due from a subsidiary are unsecured, interest-free and repayable on demand.

Impairment of amounts due from PT IPA

For the financial year ended 31 December 2019, based on management's assessment, PT IPA did not have sufficient liquid assets to repay the loan and there is no collateral pledged or other security over the loan. Management has adopted a 'repay over time' strategy. Management has prepared an estimation of the future cash flows in respect of the repayment of the amounts due from PT IPA for the purpose of assessing the level of expected credit losses required at year end. Based on the cash flow forecast, the expected credit loss is assessed to be minimum.

In the financial year ended 31 December 2018, management had determined that a probability of default and loss given default of 100% since PT IPA did not have highly sufficient liquid assets and there is no collateral pledged or other security over the loan. Thus, the expected credit loss on the remaining amounts not recovered, based on the consideration of the highly insufficient liquid assets as well as the expected realisation of the borrower's less liquid assets, of S$1.8 million was recorded in the financial statements for the year ended 31 December 2018.

The Company	2019 $'000	2018 $'000
Movements in impairment of amount due from subsidiaries:		
At beginning	**(3,181)**	(1,345)
Impairment loss recognised	**-**	(1,836)
At end	**(3,181)**	(3,181)

NOTES TO THE FINANCIAL STATEMENTS

12 Loans due from PTMII

The loans due from PTMII are unsecured and bears interest at 0.25% above the six-month Singapore Interbank Offered Rate. Following management's decision to deconsolidate PTMII with effect from 1 January 2017, the Group had re-designated the loans as current.

The Group and The Company	**31 December 2019 $'000**	31 December 2018 $'000
Loans receivable	**16,582**	16,473
Allowance for impairment	**(2,569)**	(2,602)
Balance at end of year	**14,013**	13,871

The Group and the Company	**31 December 2019 $'000**	31 December 2018 $'000
Allowance for impairment		
Balance at beginning of year	**2,602**	2,550
Effect of translation	**(33)**	52
Balance at end of year	**2,569**	2,602

The Company has signed a settlement agreement on 19 February 2020 with the Indonesian shareholders of PTMII to resolve all disputes arising out of/or in connection with all the agreements and legal proceedings between the Company and PTMII. The key details of the settlement agreement are as follows:

<u>Loans receivable (PTMII Vessels)</u>

Based on the settlement agreement, PTMII will repay US$11.5 million (S$15.4 million). This will be settled via the following:

- US$3 million (S$4.0 million) which has been received before the date of the audit report, and
- US$8.5 million (S$11.4 million) will be settled via sales proceeds from the proposed sale of PTMII Vessels.

<u>Contingent consideration (Shareholder Vessels)</u>

- US$4.5 million (S$6.1 million) has been recognised in the financial statements as at 31 December 2019. The contingent consideration is at accrued interest of 3% p.a. This agreed amount will be repaid over a three-year period and in 36 monthly instalments. The contingent consideration is secured by a pledge in favour of the Company, over the title deeds of Shareholder Vessels. In the event of default on timely payment of any of the instalments of the contingent consideration, the Company is entitled to sell Shareholder Vessels to set-off against the outstanding contingent consideration. Before the date of the audit report, the first two instalments of US$320,000 (S$431,000) were received.

Management has carried out a year end impairment assessment on the loans due from PTMII and contingent consideration. The proceeds shall be considered as a repayment of the balance of the loans due from PTMII. Based on management's evaluation, the fair values of the PTMII and Shareholder Vessels are higher than the carrying amount of the loans due from PTMII and contingent consideration at the reporting date. Accordingly, no further impairment loss is provided for the financial year ended 31 December 2019.

In the financial year ended 31 December 2018, management had carried out a year-end impairment assessment on the loans due from PTMII. As part of the settlement arrangement negotiated in the binding Term Sheet as well as in the Definitive Agreements with the Indonesian shareholders of PTMII, 6.5 sets of tug-and-barge vessels shall be transferred from PTMII to the Company as repayment of the outstanding loans receivable from PTMII. Based on management's evaluation, the fair values of the vessels were higher than the carrying amount of the loans due from PTMII at the reporting date. Accordingly, no further impairment loss was provided for the financial year ended 31 December 2018.

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Loans due from PTMII (Cont'd)

In the financial year ended 31 December 2018, in respect of the contingent consideration receivable from the Indonesian shareholders of PTMII, we had obtained legal confirmation from the legal counsel of the Company. Based on the legal advice, the legal counsel had confirmed on the validity and legal enforceability of the definitive agreements.

13 Cash and cash equivalents

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
Cash at banks and on hand	**1,930**	4,546	**1,019**	2,245
Fixed deposits with financial institutions	**622**	2,640	**-**	-
	2,552	7,186	**1,019**	2,245

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

The Group	**31 December 2019 $'000**	31 December 2018 $'000
Cash and bank balances as above	**2,552**	7,186
Fixed deposits pledged with financial institutions	**-**	(2,640)
Cash and cash equivalents per consolidated statement of cash flows	**2,552**	4,546

As at 31 December 2018, fixed deposits with financial institutions were pledged in relation to the banking facilities granted to a subsidiary.

The interest rate of fixed deposits with financial institutions of the Group is 6.36% per annum (2018 - 7.40% per annum).

The maturity periods for the fixed deposits with financial institutions of the Group is 90 days (2018 - 90 days) from the date of placement.

14 Share capital

The Group and The Company	**31 December 2019**	31 December 2018	**31 December 2019**	31 December 2018
	No. of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value				
Balance at beginning of year and at end of year	**55,686,996**	55,686,996	**35,763**	35,763

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at the meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Currency translation reserve

Currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

14 Share capital (Cont'd)

Capital reserve
Capital reserve arose from bonus issue of ordinary shares in prior years and are not available for dividend distribution to shareholders. Capital reserve also represented the difference between consideration paid and the adjustment to non-controlling interest arising from changes in Group's interest in a subsidiary that do not result in a loss of control which are accounted for as transaction with owners.

Fair value reserve
The fair value reserve comprises of the net change in the fair value of equity investments designated at FVOCI.

15 Obligations under finance lease

The Group	**31 December 2019 $'000**	31 December 2018 $'000
Minimum lease payments payable:		
No later than one year	**-**	40
Later than one year and not later than five years	**-**	26
	-	66
Less: Finance charges allocated to future years	**-**	(5)
Present value of minimum lease payments	**-**	61
Present value of minimum lease payments:		
No later than one year (current)	**-**	36
Later than one year and not later than five years (non-current)	**-**	25
	-	61

As at 31 December 2018, the Group leased certain motor vehicles from non-related parties under finance leases. The effective interest rate for ranged from 7.19% to 10.5% per annum. All leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance lease were secured by the leased assets.

Obligations under finance lease were fully settled during the year ended 31 December 2019.

16 Lease liabilities

	The Group		**The Company**	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
Undiscounted lease payments due:				
- Year 1	**2,219**	-	**59**	-
- Year 2	**2,171**	-	**11**	-
- Year 3	**2,169**	-	**9**	-
- Year 4	**1,447**	-	**7**	-
- Year 5	**3**	-	**3**	-
	8,009	-	**89**	-
Less: Unearned interest cost	**(1,837)**	-	**(3)**	-
Lease liabilities	**6,172**	-	**86**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Lease liabilities (Cont'd)

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
Presented as:				
- Non-current	**4,798**	-	**29**	-
- Current	**1,374**	-	**57**	-
	6,172	-	**86**	-

Interest expense on lease liabilities of S$318,000 is recognised within "finance expenses" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "general and administrative expenses" in profit or loss are set out below:

	2019 $'000
The Group	
Rental on operating leases	**7**

Total cash outflows for all leases in the year amount to S$1,892,000.

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Information about the Group's leases are disclosed in Note 25.

Further information about the financial risk management as disclosed in Note 29.

17 Trade and other payables

	The Group		The Company	
	31 December 2019 $'000	31 December 2018 $'000	**31 December 2019 $'000**	31 December 2018 $'000
Current				
Trade payables - non-related parties	**122**	165	**-**	-
Other payables				
- non-related parties	**257**	967	**9**	53
Loan owing to third party (former non-controlling shareholder of a subsidiary [(i)]	**2,119**	2,061	**-**	-
Accrued staff cost	**34**	50	**34**	50
Accrued expenses	**332**	402	**243**	349
Accruals for directors' fee	**30**	41	**30**	41
Total	**2,894**	3,686	**316**	493

Trade payables to non-related parties are non-interest bearing and are normally settled within 30 to 90 days (2018 - 30 to 90 days).

Note:

(i) These pertain to an interest-free loan from the former non-controlling shareholder of PT IPA. As at 31 December 2019, he does not hold any shares in PT IPA. The loan is unsecured and repayable on demand.

18 Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product or service lines. The Group leases out its equipment under operating lease and recognises rental income proportionately over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Revenue (Cont'd)

The Group	**2019 $'000**	2018 $'000
Construction logistics:		
- Construction logistics services	**-**	7,679
- Rental income from leasing of heavy equipment	**1,620**	-
- Trading	**45**	-
	1,665	7,679

Disaggregation of revenue from contracts with customers
In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 28).

The Group and The Company	**2019 $'000**	2018 $'000
Primary geographical markets		
Singapore	**-**	612
Indonesia	**1,665**	7,067
	1,665	7,679
Timing of revenue recognition		
At a point in time	**45**	7,679
#	**45**	7,679

This excludes revenue from heavy equipment rentals, which does not fall within the scope of SFRS(I) 15.

Construction logistics segment for 2018

Nature of goods or services	The construction logistics segment of the Group principally generates revenue from provision of dumping and transportation services in Singapore as well as provision of toll road development services i.e. laying & surfacing of soil to toll road development projects and supply and sale of stone to government related bodies in Indonesia.
When revenue is recognised	Revenue is recognised at a point in time when the performance obligation have been fulfilled upon the completion of services to the customers for acceptance.
Significant payment terms	Singapore Materials are collected from the work site of the customer and brought to the dumping ground for disposal. Transportation services are also provided for customers to their designated locations. These services are completed within the day of service itself. The transaction price is determined based on the number of dumping trips / transportation trips provided. Payment is due upon completion of dumping and transportation services. Indonesia The transaction price for the toll road development services is determined based on the area (cubic meter) of the work performed x price per cubic meter. The transaction price for the supply of stone is based on the volume supplied x unit price. Invoices are payable within 45 working days for toll road development services. For the sale of stones, payment is due when the stones are delivered to the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Other operating income

The Group	2019 $'000	2018 $'000
Interest income from banks	**166**	78
Interest income from PTMII	**316**	301
Government grants	**8**	40
Sundry income	**17**	13
Fair value changes on profit guarantee due from Vendors (Note 8)	**(78)**	122
	429	554

20 Other gains/(losses) – net

The Group	2019 $'000	2018 $'000
Currency exchange gains/(losses)	**105**	(117)
(Loss)/gain from disposal of property, plant and equipment	**(9)**	51
Bad debt reversed (Note 8)	**20**	1
	116	(65)

21(a) General and administrative expenses

The Group	2019 $'000	2018 $'000
Depreciation of property, plant and equipment (Note 3)	**132**	267
Depreciation of right-of-use assets (Note 4)	**447**	-
Repair and maintenance	**2**	-
Utilities and telecommunication	**14**	36
Other expenses	**42**	327
Transportation expenses	**33**	118
General office expenses	**109**	169
Directors' remuneration and fees (Note 26.2)		
- fees	**109**	162
- wages and salaries	**226**	217
- employer's contributions to defined contribution plan	**19**	18
Employee compensation (excluding directors)		
- wages and salaries	**901**	1,688
- employer's contributions to defined contribution plan	**63**	98
	1,318	2,183
Commission	**4**	-
Entertainment and gifts	**16**	12
Professional fees	**308**	855
Motor vehicle related expenses	**41**	45
Rental on operating leases	**7**	238
Auditor's remuneration paid/payable to:		
- Auditors of the Company	**103**	137
- Other auditors	**10**	13
- Non-audit	**-**	6
Listing expenses	**21**	94
	2,607	4,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21(b) Other operating expenses

The Group	2019 $'000	2018 $'000
Impairment loss on property, plant and equipment (Note 3)	**8**	-
Impairment loss on intangible assets (Note 5)	**-**	101
Write-down of inventories (Note 10)	**2**	39
Impairment of trade receivables (Note 8)	**1**	140
	11	280

22 Finance expenses

The Group	2019 $'000	2018 $'000
Bank charges	**87**	-
Interest expense on lease liabilities	**318**	-
Interest expense on obligations under finance lease	**-**	9
	405	9

23 Income tax expense

The Group	2019 $'000	2018 $'000
Current taxation		
- foreign	**41**	473
	41	473
Deferred taxation (Note 9)	**(16)**	13
Total taxation	**25**	486

Reconciliation of effective tax rate

The Group	2019 $'000	2018 $'000
Loss before taxation	**(1,255)**	(4,651)
Tax at applicable tax rate	**(196)**	(581)
Tax effect on non-deductible expenses	**264**	1,053
Tax effect on non-taxable income	**(33)**	(54)
Exempt income	**(8)**	-
Tax rebate	**(1)**	-
Deferred tax assets on temporary differences not recognised	**-**	68
Utilisation of previously unrecognised tax losses and capital allowance	**(1)**	-
	25	486

As at the end of the reporting period, the Group has unabsorbed tax losses and capital allowances amounting to approximately S$Nil (2018 - S$4,206,000) that are available for offset against future taxable profits of those companies. The unutilised tax losses have no expiry dates. The unutilised tax losses and capital allowances carry-forward from last year relate to strike-off entities, and thus were forfeited upon strike-off of these subsidiaries. The use of unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

24 Loss per share

The Group	2019	2018
Loss attributable to equity holders of the Company ($'000)	**(1,329)**	(4,620)
Weighted average number of ordinary shares in issue for basic earnings per share	**55,686,996**	55,686,996
Basic and diluted loss per share (cents)	**(2.39)**	(8.30)

The basic and diluted loss per share is the same as the Group does not have any potentially dilutive shares as at 31 December 2019 and 2018.

25 Leases

(i) The Group as lessee

(a) Office premise

The Group leases office for operation purposes.

This office is recognised within the Group's right-of-use assets (Note 4).

The Group makes monthly lease payments for the use of office.

There are no externally imposed covenants on this office lease arrangement.

(b) Plant and equipment

The Group makes monthly lease payments for the rental of photocopier for office use.

The Group also rents heavy equipment to generate revenue.

These plant and equipment are recognised as the Group's right-of-use assets (Note 4).

The agreements for heavy equipment allow the Group for subleasing them to third parties.

(c) Future cash outflows capitalised in lease liabilities - Extension options

The lease for certain office, and plant and equipment provide for optional extension periods, for which the related lease payments have been included in lease liabilities because the Group is reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable only by the Group and not by the lessor. The undiscounted potential future cash outflows for the lease payments during the extension periods amount to $2,560.

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Note 4 and 16 respectively.

(ii) The Group as intermediate lessor of sublease

The Group acts as an intermediate lessor under arrangements whereby it subleases out certain heavy equipment to third parties for monthly lease payments.

25 Leases (Cont'd)

(ii) The Group as intermediate lessor of sublease(Cont'd)

For the sublet heavy equipment, their sublease periods do not form a major part of the remaining head lease terms and accordingly, their subleases are classified as operating lease.

Subleases - classified as operating lease

Rental income of S$1,620,000 from subleasing the plant and equipment during the year are included within "revenue" in profit or loss.

Undiscounted lease payments from the sublease of the plant and equipment to be received after the reporting date are as follows:

The Group	**2019** **$'000**
Less than one year	3,075
Within two to five years	4,613
	7,688

26 Significant related party transactions

26.1 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

26.2 Key management personnel compensations

The fees and remuneration of the directors of the Company, who are the key management personnel of the Group, are as follows:

The Group	**2019** **$'000**	2018 $'000
Key management:		
Directors		
- fees	**109**	162
- wages and salaries	**226**	217
- employer's contributions to defined contribution plan	**19**	18
Other key management		
- wages and salaries	**326**	485
- employer's contributions to defined contribution plan	**28**	35
	708	917

NOTES TO THE FINANCIAL STATEMENTS

27 Commitments

Operating lease commitments

Where the Group is a lessee

The Group and the Company leases office premise and office and other equipment under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. The office lease has a remaining term of 1 year. As at 31 December 2018, the future minimum lease payments for all operating leases contracted for but not recognised as liabilities, are as follows:

The Group	2018 $'000
Within one year	59
After one year but not more than five years	67
	126

As disclosed in Note 2(b), the Group has adopted SFSR(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 January 2019, except for short-term and low value leases.

28 Segment information

Management has determined the operating segments based on the reports reviewed by management that are used to make strategic decisions. Management considers the business from a business segment perspective and manages and monitors the business in two main business segments. These are trading & engineering, and construction logistics. Management assesses the performance of the business segments based on sales, segment results, segment assets and segment liabilities.

i. Inter-segment transactions are determined on terms agreed between the parties. The sales from external parties reported to management are measured in a manner consistent with that in the statement of comprehensive income.

ii. Management assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA").

iii. The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than the Group's cash and bank balances.

iv. The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments.

v. Corporate comprises the costs of the Group functions not allocated to the two business segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 Segments information (Cont'd)

	Trading and engineering		Construction logistics		Corporate		Elimination		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue										
External	**-**	-	**1,665**	7,679	**-**	-	**-**	-	**1,665**	7,679
Total revenue	**-**	-	**1,665**	7,679	**-**	-	**-**	-	**1,665**	7,679
Segment Results										
Segment (loss)/profit from operations	**(16)**	(239)	**642**	(1,620)	**(1,468)**	(2,682)	**-**	-	**(842)**	(4,541)
Impairment of property, plant and equipment	**-**	-	**(8)**	-	**-**	-	**-**	-	**(8)**	-
Impairment of goodwill									**-**	(101)
Finance expense									**(405)**	(9)
Loss before income tax									**(1,255)**	(4,651)
Income tax expense									**(25)**	(486)
Loss for the year									**(1,280)**	(5,137)
Other information										
Segment assets	**-**	4,666	**13,258**	8,045	**38,638**	44,900	**(16,775)**	(26,360)	**35,121**	31,251
Unallocated assets									**16**	-
Consolidated total assets									**35,137**	31,251
Segment liabilities	**-**	49	**14,558**	8,773	**12,630**	17,870	**(18,122)**	(22,945)	**9,066**	3,747
Unallocated liabilities									**12**	15
Consolidated total liabilities									**9,078**	3,762
Impairment of goodwill	**-**	-	**-**	101	**-**	-	**-**	-	**-**	101
Additions of plant and equipment	**-**	-	**103**	137	**232**	15	**-**	-	**335**	152
Depreciation of property, plant and equipment	**2**	5	**55**	213	**75**	203	**-**	-	**132**	421
Depreciation of right-of-use assets	**-**	-	**395**	-	**52**	-	**-**	-	**447**	-
Impairment loss on property, plant and equipment	**-**	-	**8**	-	**-**	-	**-**	-	**8**	-
Impairment loss on inventories	**-**	-	**2**	39	**-**	-	**-**	-	**2**	39
Impairment loss on trade receivables	**-**	-	**1**	140	**-**	-	**-**	-	**1**	140
Finance expense									**405**	9

NOTES TO THE FINANCIAL STATEMENTS

28 Segments information (Cont'd)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

Revenue	2019 $'000	2018 $'000
Total revenue for reportable segments	**1,665**	7,679
Consolidated revenue	**1,665**	7,679

Profit or loss	2019 $'000	2018 $'000
Total loss for reportable segments from operations	**(842)**	(4,541)
Impairment loss on property, plant and equipment	**(8)**	-
Impairment of goodwill	**-**	(101)
Finance expense	**(405)**	(9)
Consolidated loss before tax	**(1,255)**	(4,651)

Segment assets	2019 $'000	2018 $'000
Total assets for reportable segments	**51,896**	57,611
Deferred tax assets	**16**	-
Elimination	**(16,775)**	(26,360)
Consolidated total assets	**35,137**	31,251

Segment liabilities	2019 $'000	2018 $'000
Total liabilities for reportable segments	**27,188**	26,692
Current tax liabilities	**12**	15
Elimination	**(18,122)**	(22,945)
Consolidated total liabilities	**9,078**	3,762

Geographical segments

The following table presents revenue and total assets information regarding the Group's geographical segments for the years ended 31 December 2019 and 2018:

	Singapore		Indonesia		Total	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Revenue	**-**	612	**1,665**	7,067	**1,665**	7,679
Total assets	**21,877**	23,846	**13,260**	7,405	**35,137**	31,251

Major customer

Revenues from one customer of the Group's Construction Logistics segment represents approximately S$1.6 million (2018 - S$7.1 million) of the Group's total revenues.

29 Financial risk management objectives and policies

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included interest rate risk, price risk, currency risk, liquidity risk and credit risk.

There has been no change to the Company's and 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.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

The carrying amounts of financial assets and financial liabilities (by categories) at the reporting date are as follows:

	The Group		The Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets designated at fair value through OCI	**-**	2	**-**	-
Financial assets at amortised cost				
Trade and other receivables*	**8,265**	8,709	**6,070**	6,383
Loans due from PTMII	**14,013**	13,871	**14,013**	13,871
Cash and cash equivalents	**2,552**	7,186	**1,019**	2,245
Amounts due from subsidiaries	**-**	-	**4,369**	4,735
	24,830	29,766	**25,471**	27,234
Total financial assets	**24,830**	29,768	**25,471**	27,234
Financial liabilities at amortised cost				
Obligations under finance lease	**-**	61	**-**	-
Lease liabilities	**6,172**	-	**86**	-
Trade and other payables	**2,894**	3,686	**316**	493
Amounts due to subsidiaries	**-**	-	**150**	5,476
Total financial liabilities	**9,066**	3,747	**552**	5,969

* Excludes GST recoverable, advance payments to suppliers and prepayments.

29.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

At the reporting date, the Group and the Company are not exposed to significant interest rate risk since it does not hold any variable rate financial liabilities.

29.2 Market risk

Equity price risk arises from equity investments at FVOCI held for long-term investment. The market value of these investments will fluctuate with market conditions. Management is of opinion that the exposure to market risk associated with these investments is not expected to be significant.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial risk management objectives and policies (Cont'd)

29.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currencies are primarily the Singapore dollar ("SGD"), United States dollar ("USD") and Indonesia Rupiah ("IDR").

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group	SGD $'000	USD $'000	IDR $'000	Total $'000
At 31 December 2019				
Financial assets				
Cash and cash equivalents	**232**	**837**	**1,483**	**2,552**
Loan due from PTMII	**237**	**13,776**	**-**	**14,013**
Trade and other receivables*	**15**	**6,056**	**2,194**	**8,265**
	484	**20,669**	**3,677**	**24,830**
Financial liabilities				
Trade and other payables	**(349)**	**-**	**(2,545)**	**(2,894)**
Lease liabilities	**(86)**	**-**	**(6,086)**	**(6,172)**
	(435)	**-**	**(8,631)**	**(9,066)**
Net financial assets/(liabilities)	**49**	**20,669**	**(4,954)**	**15,764**
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	**(58)**	**-**	**5,022**	**4,964**
Currency exposure on financial (liabilities)/ assets	**(9)**	**20,669**	**68**	**20,728**
At 31 December 2018				
Financial assets				
Cash and cash equivalents	1,341	1,118	4,727	7,186
Financial assets at FVOCI	2	-	-	2
Loan due from PTMII	232	13,639	-	13,871
Trade and other receivables*	300	6,134	2,275	8,709
	1,875	20,891	7,002	29,768
Financial liabilities				
Trade and other payables	(573)	-	(3,113)	(3,686)
Obligations under finance lease	-	-	(61)	(61)
	(573)	-	(3,174)	(3,747)
Net financial assets	1,302	20,891	3,828	26,021
Net financial assets denominated in the respective entities' functional currencies	(1,310)	-	(3,762)	(5,072)
Currency exposure on financial (liabilities)/ assets	(8)	20,891	66	20,949

* Excludes GST recoverable, advance payments to suppliers and prepayments.

29 Financial risk management objectives and policies (Cont'd)

29.3 Currency risk (Cont'd)

The Company	SGD $'000	USD $'000	IDR $'000	Total $'000
At 31 December 2019				
Financial assets				
Cash and cash equivalents	**182**	**837**	**-**	**1,019**
Amount due from subsidiaries	**22**	**-**	**4,347**	**4,369**
Loan due from PTMII	**237**	**13,776**	**-**	**14,013**
Trade and other receivables*	**15**	**6,055**	**-**	**6,070**
	456	**20,668**	**4,347**	**25,471**
Financial liabilities				
Trade and other payables	**(316)**	**-**	**-**	**(316)**
Amount due to subsidiaries	**(150)**	**-**	**-**	**(150)**
Lease liabilities	**(86)**	**-**	**-**	**(86)**
	(552)	**-**	**-**	**(552)**
Net financial (liabilities)/assets	**(96)**	**20,668**	**4,347**	**24,919**
Net financial liabilities denominated in the entity's functional currency	**96**	**-**	**-**	**96**
Currency exposure on financial assets	**-**	**20,668**	**4,347**	**25,015**
At 31 December 2018				
Financial assets				
Cash and cash equivalents	1,139	1,106	-	2,245
Amount due from subsidiaries	71	-	4,664	4,735
Loan due from PTMII	232	13,639	-	13,871
Trade and other receivables*	249	6,134	-	6,383
	1,691	20,879	4,664	27,234
Financial liabilities				
Trade and other payables	(493)	-	-	(493)
Amount due to subsidiaries	(5,476)	-	-	(5,476)
	(5,969)	-	-	(5,969)
Net financial (liabilities)/assets	(4,278)	20,879	4,664	21,265
Net financial liabilities denominated in the entity's functional currency	4,278	-	-	4,278
Currency exposure on financial assets	-	20,879	4,664	25,543

* Excludes GST recoverable, advance payments to suppliers and prepayments.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial risk management objectives and policies (Cont'd)

29.3 Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

A 5% strengthening/(weakening) of the above currencies against the respective functional currencies of the operating entities at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

	2019		2018	
The Group	**Loss before tax**	**Equity**	Loss before tax	Equity
	$'000	**$'000**	$'000	$'000
	Increase/(Decrease)		Increase/(Decrease)	
USD against SGD				
- strengthened 5% (2018 - 5%)	**(1,033)**	**(1,033)**	(1,045)	(1,045)
- weakened 5% (2018 - 5%)	**1,033**	**1,033**	1,045	1,045
IDR against SGD				
- strengthened 5% (2018 - 5%)	**(3)**	**(3)**	(3)	(3)
- weakened 5% (2018 - 5%)	**3**	**3**	3	3

	2019		2018	
The Company	**Loss before tax**	**Equity**	Loss before tax	Equity
	$'000	**$'000**	$'000	$'000
	Increase/(Decrease)		Increase/(Decrease)	
USD against SGD				
- strengthened 5% (2018 - 5%)	**(1,033)**	**(1,033)**	(1,044)	(1,044)
- weakened 5% (2018 - 5%)	**1,033**	**1,033**	1,044	1,044
IDR against SGD				
- strengthened 5% (2018 - 5%)	**(217)**	**(217)**	(233)	(233)
- weakened 5% (2018 - 5%)	**217**	**217**	233	233

29.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial risk management objectives and policies (Cont'd)

29.4 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		---Contractual undiscounted cash flows---			
The Group					
As at 31 December 2019					
Trade and other payables	**2,894**	**2,894**	**2,894**	**-**	**-**
Lease liabilities	**6,172**	**8,009**	**2,219**	**5,790**	**-**
	9,066	**10,903**	**5,113**	**5,790**	**-**
As at 31 December 2018					
Trade and other payables	3,686	3,686	3,686	-	-
Obligations under finance lease	61	66	40	26	-
	3,747	3,752	3,726	26	-

The Company	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		---Contractual undiscounted cash flows---			
As at 31 December 2019					
Trade and other payables	**316**	**316**	**316**	**-**	**-**
Amount due to subsidiaries	**150**	**150**	**150**	**-**	**-**
Lease liabilities	**86**	**89**	**59**	**30**	**-**
	552	**555**	**525**	**30**	**-**

The Company	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2018					
Trade and other payables	493	493	493	-	-
Amount due to subsidiaries	5,476	5,476	5,476	-	-
	5,969	5,969	5,969	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Financial risk management objectives and policies (Cont'd)

29.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Exposure to credit risk
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 statement of financial position.

On that basis, below is the information about the credit risk exposure on the Group's trade receivables and the Company's amounts due from subsidiaries using a provision matrix:

The Group	Average expected loss rate %	Total gross carrying amount Non credit - impaired $'000	Credit- impaired $'000	Expected credit loss $'000	Net receivables $'000
At 31 December 2019					
Current (not past due)	**-**	**686**	**-**	**-**	**686**
1-30 days past due	**2.0**	**48**	**1**	**(1)**	**48**
31-60 days past due	**-**	**-**	**-**	**-**	**-**
More than 60 days past due	**-**	**-**	**-**	**-**	**-**
		734	**1**	**(1)**	**734**
At 31 December 2018					
Current (not past due)	-	-	-	-	-
1-30 days past due	-	560	-	-	560
31-60 days past due	-	203	-	-	203
More than 60 days past due	61.3	516	819	(819)	516
		1,279	819	(819)	1,279

The Company	Average expected loss rate %	Total gross carrying amount Non credit - impaired $'000	Credit- impaired $'000	Expected credit loss $'000	Net Receivables $'000
At 31 December 2019					
Current (not past due)	**42.1**	**4,369**	**3,181**	**(3,181)**	**4,369**
1-30 days past due	**-**	**-**	**-**	**-**	**-**
31-60 days past due	**-**	**-**	**-**	**-**	**-**
More than 60 days past due	**-**	**-**	**-**	**-**	**-**
		4,369	**3,181**	**(3,181)**	**4,369**

29 Financial risk management objectives and policies (Cont'd)

29.5 Credit risk (Cont'd)

The Company	Average expected loss rate %	Total gross carrying amount Non credit - impaired $'000	Credit-impaired $'000	Expected credit loss $'000	Net Receivables $'000
At 31 December 2018					
Current (not past due)	40.1	4,735	3,181	(3,181)	4,735
1-30 days past due	-	-	-	-	-
31-60 days past due	-	-	-	-	-
More than 60 days past due	-	-	-	-	-
		4,735	3,181	(3,181)	4,735

(1) Trade and other receivables, loans due from PTMII and amounts due from subsidiaries

The Group and the Company applies the SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the Gross Domestic Product of Singapore, the country in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group and the Company apply the 3-stage general approach to determine ECL for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward looking information. At the reporting date, the expected credit loss is assessed to be insignificant.

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial risk management objectives and policies (Cont'd)

29.5 Credit risk (Cont'd)

Financial assets that are past due but not impaired
There is no other class of financial assets that is past due but not impaired except for trade and other receivables.

Cash and cash equivalents
Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Contingent consideration and loans due from PTMII
As disclosed in Note 8 and Note 12, management has assessed that the Group and the Company are not exposed to significant credit loss in respect of the contingent consideration and loans due from PTMII.

30 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's abilities to continue as a going concern;
(b) To support the Group's stabilities and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capabilities; and
(d) To provide an adequate return to shareholders.

The Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adapt any formal dividend policy.

The net debt to total capital ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total equity is calculated as share capital plus reserves and non-controlling interest. Total capital is calculated as total equity plus net debt.

The net debt to total capital ratio is calculated as follows:

The Group	**31 December 2019 $'000**	31 December 2018 $'000
Net debt	**6,514**	-#
Total equity	**26,379**	27,848
Total capital	**32,893**	27,848
Net debt to total capital ratio	**19.8%**	-

The Group is not subject to any externally imposed capital requirement as at 31 December 2019 and 2018. There were also no changes in the Group's approach to capital management during the financial years ended 31 December 2019 and 2018.

There is no net debt as at 31 December 2018 since the cash and bank balance is greater than the total loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments

Fair value measurement

Definition of fair value
SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy
The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Fair value measurement of financial assets and financial liabilities
The following summarises the significant methods and assumption used in estimating fair values of financial instruments of the Group.

Fair value measurement of financial assets and financial liabilities

Non-current financial assets and financial liabilities
The fair values of non-current obligations under finance leases and lease liabilities are estimated by discounted cash flow analysis, using market borrowing rates for similar instruments as at the reporting date (see Note 15 and Note 16 respectively).

Other financial assets and financial liabilities
The carrying amounts of other financial assets and financial liabilities which have a maturity of less than one year approximate their fair value because of the short-term period of maturity.

Financial assets (Level 1)
The fair values of the financial assets are based on quoted market prices at balance sheet date. The quoted market price used for these financial assets held by the Group is the current bid price.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019				
Financial assets at FVOCI	-	-	-	-
31 December 2018				
Financial assets at FVOCI (quoted equity instrument)	2	-	-	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 Financial instruments (Cont'd)

Fair value measurement (Cont'd)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

Set-off of balances with subsidiaries (the Company)
At 31 December 2018, the parties have arrangements to settle intercompany balances due to or due from each other on a net basis. The amounts of due to and due from certain subsidiaries that are set-off are as follows:

The Company	Gross carrying amounts $'000	Gross amounts offset in the statement of financial position $'000	Net amounts in the in the statement of financial position $'000
31 December 2018			
Amounts due from subsidiaries – trade	54	-	54
Amounts due from subsidiaries – non-trade	984	(967)	17
Loan due from a subsidiary	4,664	-	4,664
Amounts due to subsidiaries	(6,443)	967	(5,476)
	(741)	-	(741)

32 Events after the reporting period

An outbreak of COVID-19 (Coronavirus Disease 2019) had been reported in China on 31 December 2019. At the date of these financial statements, while the outbreak has been most severe in Asia, it has spread to various regions around the world, including Australia, Europe, Middle East and the United States of America. The Group operates in various regions affected by the outbreak. While the full impact to the Group cannot be quantified reliably, the Group's performance subsequent to the balance sheet date is likely to be negatively impacted as a result of regional and global travel restrictions, quarantine and/or illness of employees, loss of customers, supply chain disruptions, and other forms of interruptions to business.

33 Comparative figures

Certain reclassifications have been made to the prior year's consolidated statement of cash flows to enhance comparability with the current year's consolidated statement of cash flows to reclassify the cash flow movement from operating activities to financing activities. The effects are as follows:

	Previously reported 2018 $'000	Reclassification $'000	After reclassification 2018 $'000
The Group			
Changes in trade payables, other payables and accruals	(2,663)	(433)	(3,096)
Cash flows from operating activities	(3,963)	(433)	(4,396)
Increase of loan due to third party (former non-controlling interest of a subsidiary)	-	433	433
Cash flows from financing activities	(1,815)	433	(1,382)

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2020

Class of shares	:	Ordinary Shares
Voting rights	:	One vote per Ordinary Share
No. of issued shares	:	55,686,996
No. of treasury shares	:	Nil
No. of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	328	17.17	3,753	0.01
100 – 1,000	420	21.99	242,673	0.43
1,001 – 10,000	905	47.38	3,605,158	6.47
10,001 – 1,000,000	247	12.93	16,581,690	29.78
1,000,001 AND ABOVE	10	0.53	35,253,722	63.31
TOTAL	**1,910**	**100.00**	**55,686,996**	**100.00**

SUBSTANTIAL SHAREHOLDER

(As recorded in the Register of Substantial Shareholders as at 18 March 2020)

	DIRECT INTEREST		DEEMED INTEREST	
SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES	%[1]	NUMBER OF SHARES	%[1]
ATAN	10,521,650	18.89	–	–
MELDA VERONICA	5,002,500	8.98	–	–
A GUAT	4,176,524	7.50	–	–
EDISON[1]	3,867,292	6.94	124,900	0.22

Note:
(1) Mr Edison's deemed interest arises from Shares held in a nominee account.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2020

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ATAN	10,521,650	18.89
2	MELDA VERONICA	5,002,500	8.98
3	A GUAT	4,176,524	7.50
4	EDISON	3,867,292	6.94
5	TAN CHEE MENG OR SZE LAY PHENG	2,723,000	4.89
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,174,367	3.90
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,167,205	3.89
8	UOB KAY HIAN PRIVATE LIMITED	1,711,304	3.07
9	TAN SEUNG YUEN @TAN SIANG YUEN	1,590,000	2.86
10	NEO CHENG SOON	1,319,880	2.37
11	SUMAN HADI NEGORO	871,599	1.57
12	SEOW EE FUN YVONNE (XIAO YIFAN YVONNE)	773,500	1.39
13	CITIBANK NOMINEES SINGAPORE PTE LTD	721,100	1.29
14	OCBC SECURITIES PRIVATE LIMITED	686,495	1.23
15	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	642,220	1.15
16	BOO KOH HONG SIANG	492,500	0.88
17	CHIANG CURRIE	425,000	0.76
18	SURI	370,700	0.67
19	DBS NOMINEES (PRIVATE) LIMITED	346,629	0.62
20	ANG BAN TECK	340,000	0.61
	TOTAL	**40,923,465**	**73.46**

Percentage of shareholdings in public hands

Based on Shareholders' Statistics and Distribution as at 18 March 2020, approximately 55.02% of the Company's shares are held in the hands of the public and therefore, Rule 723 of the Listing Manual of SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of PSL Holdings Limited (the "**Company**") will be held at 37 Jalan Pemimpin #07-16, Mapex, Singapore 577177 on Monday, 29 June 2020 at 10.30 a.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2019 together with the Directors' Statement and Auditors' Report thereon. (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Regulation 88 of the Company's Constitution:

   Ms Leong Ting Ting (Resolution 2)
   [See Explanatory Note (i)]

   Mr Richard Kennedy Melati (Resolution 3)
   [See Explanatory Note (ii)]

   Mr Fhifi Alfhian Ronie, SH (Resolution 4)
   [See Explanatory Note (iii)]

3. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution:

   Ms Ng Yoke Chan (Resolution 5)
   [See Explanatory Note (iv)]

   Mr Wong Wei Boon Kevin (Resolution 6)
   [See Explanatory Note (v)]

4. To approve the payment of Directors' fees of S$21,195.00 in addition to the S$87,500.00 approved in the financial year ended 31 December 2019 and S$114,000.00 for the financial year ending 31 December 2020 (FY2019: S$87,500.00). (Resolution 7)
   [See Explanatory Note (vi)]

5. To re-appoint Foo Kon Tan LLP, Public Accountants and Chartered Accountants as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions, with or without modifications:

6. Authority to allot and issue shares in the capital of the Company ("**Share(s)**") – Share Issue Mandate (Resolution 9)

   "That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and Rule 806 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (A) (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

NOTICE OF
ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require new Shares to be allotted and issued, including but not limited to the creation, allotment and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue new Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above on a pro-rata basis, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF
ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being in force; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."

[See Explanatory Note (vii)]

7. Authority to grant awards and to allot and issue Shares under the PSL Share Plan ("**PSL PSP**") (Resolution 10)

"That pursuant to Section 161 of the Act, the Directors of the Company be and are hereby authorised and empowered to grant awards in accordance with the provisions of the PSL PSP and to allot and issue from time to time such number of fully paid-up Shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of awards under the PSL PSP, provided that the aggregate number of Shares available under the PSL PSP, when added to all Shares, options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed 15% of the total number of issued share capital (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier."
[See Explanatory Note (viii)]

8. The Proposed Renewal of the Share Purchase Mandate (Resolution 11)

That:

(A) for the purposes of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares of the Company not exceeding in aggregate the Maximum Holdings (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(1) on-market purchase(s) transacted on the SGX-ST through the ready market of the SGX-ST and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(2) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme(s) as defined in Section 76C of the Act,

on the terms set out in the Addendum in relation to the renewal of the share purchase mandate dated 15 April 2020 ("**Addendum**") and in accordance with all other laws and regulations and rules of the SGX-ST, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

NOTICE OF
ANNUAL GENERAL MEETING

(B) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:

(1) the conclusion of the next AGM of the Company;

(2) the date by which the next AGM is required by law to be held;

(3) the date on which the purchases or acquisitions of Shares pursuant to the proposed renewal of the Share Purchase Mandate are carried out to the full extent mandated; or

(4) the date on which the authority conferred by the proposed renewal of the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting;

(C) in this ordinary resolution:

"**Maximum Holdings**" means that number of issued held as Treasury Shares cannot at any time exceed ten percent (10%) of the total number of issued Shares.

"**Maximum Price**" in relation to a Share to be purchased or acquired:–

(1) means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares,

(2) in either case, excluding related expenses of the Share Purchase.

"**Treasury Shares**" shall have the meaning ascribed to it in Section 4 of the Act.

where:

"**Average Closing Price**" means the average of the closing market prices of a Share for the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5)-day period.

NOTICE OF
ANNUAL GENERAL MEETING

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

"**Listing Rules**" means the listing rules under the Listing Manual.

"**Market Day(s)**" means day on which the SGX-ST is open for trading of securities.

"**Market Purchase**" has the meaning ascribed to it in Section 2.3.3 *(Manner of purchase of Shares)* of the Addendum.

"**Share Purchase**" means the purchase or acquisition of Shares by the Company pursuant to the terms of the Share Purchase Mandate.

(D) The Directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, or expedient to give effect to the renewal of the Share Purchase Mandate and/or authorised by this ordinary resolution.

9. To transact any other business that may be transacted at an Annual General Meeting of the Company.

By Order of the Board of Directors PSL Holdings Limited
Chua Kern
Company Secretary
Singapore, 15 April 2020

Explanatory Notes:

(i) Ms Leong Ting Ting will, upon re-election as a Director of the Company, remain as an Independent Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board of Directors considers Ms Leong Ting Ting to be independent pursuant to Rule 704(8) of the Listing Rules. Detailed information on Ms Leong Ting Ting is found in the Company's annual report 2019.

There is no relationship (including immediate family relationships) between Ms Leong Ting Ting and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

(ii) Mr Richard Kennedy Melati will, upon re-election as a Director of the Company, remain as an Executive Director. Detailed information on Mr Richard Kennedy Melati is found in the Company's annual report 2019.

There is no relationship (including immediate family relationships) between Mr Richard Kennedy Melati and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

NOTICE OF
ANNUAL GENERAL MEETING

(iii) Mr Fhifi Alfhian Ronie, SH will, upon re-election as a Director of the Company, remain as an Independent Director and Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. The Board of Directors considers Mr Fhifi Alfhian Ronie, SH to be independent pursuant to Rule 704(8) of the Listing Rules. Detailed information on Mr Fhifi Alfhian Ronie, SH is found in the Company's annual report 2019.

There is no relationship (including immediate family relationships) between Mr Fhifi Alfhian Ronie, SH and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

(iv) Ms Ng Yoke Chan will, upon re-election as a Director of the Company, remain as a Non-Executive Non-Independent Chairman. Detailed information on Ms Ng Yoke Chan is found in the Company's annual report 2019.

There is no relationship (including immediate family relationships) between Ms Ng Yoke Chan and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

(v) Mr Wong Wei Boon Kevin will, upon re-election as a Director of the Company, remain as an Independent Director and Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board of Directors considers Mr Wong Wei Boon Kevin to be independent pursuant to Rule 704(8) of the Listing Rules. Detailed information on Mr Wong Wei Boon Kevin is found in the Company's annual report 2019.

There is no relationship (including immediate family relationships) between Mr Wong Wei Boon Kevin and the other Director(s), the Company, its related corporations, its 10% shareholders or its officers.

(vi) The shareholders of the Company had approved the payment of Directors' fees of S$87,500.00 for the financial year ended 31 December 2019 at the annual general meeting of the Company held on 29 April 2019. The additional Directors' fees of S$21,195.00 are payable to the following:–

- Mr Fhifi Alfhian Ronie, SH as Independent Director of the Company between 31 May 2019 to 31 December 2019;
- Ms Leong Ting Ting as Independent Director of the Company between 24 October 2019 to 31 December 2019; and
- Mr Lee Chee Tak as Independent Director of the Company between 22 July 2019 to 24 October 2019.

(vii) The ordinary resolution 9 proposed in item 6 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this ordinary resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF
ANNUAL GENERAL MEETING

(viii) The ordinary resolution 10 proposed in item 7 above, if passed, will empower the Directors to grant awards and allot and issue Shares pursuant to the grant of such awards in accordance with the provisions of the PSL PSP provided that the aggregate number of shares to be issued does not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at 37 Jalan Pemimpin #07-16 Mapex, Singapore 577177 not less than 72 hours before the time set for the AGM.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

5. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PSL HOLDINGS LIMITED

Company Registration No. 199707022K

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF and/or SRS monies to buy shares in the Company ("CPF and SRS Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF and SRS Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

PERSONAL DATA PROTECTION ACT CONSENT

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms and set out in the Notice of Annual General Meeting dated 15 April 2020.

*I/We ____________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a *member/members of PSL Holdings Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM to be held at 37 Jalan Pemimpin #07-16, Mapex, Singapore 577177 on Monday, 29 June 2020 at 10.30 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or to abstain from voting the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The Resolutions proposed at the AGM as indicated hereunder will be put to vote at the AGM by way of poll.

(Please indicate your votes "For", "Against" or to "Abstain" from voting, with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not to be counted in computing the required majority on a poll.)

No.	Resolutions relating to:	By way of poll		
		For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019			
2.	Re-election of Ms Leong Ting Ting as Director of the Company			
3.	Re-election of Mr Richard Kennedy Melati as Director of the Company			
4.	Re-election of Mr Fhifi Alfhian Ronie, SH as Director of the Company			
5.	Re-election of Ms Ng Yoke Chan as Director of the Company			
6.	Re-election of Mr Wong Wei Boon Kevin as Director of the Company			
7.	Approval of the payment of Directors' fees of S$21,195.00 in addition to the S$87,500.00 approved in the financial year ended 31 December 2019 and S$114,000.00 for the financial year ending 31 December 2020			
8.	Re-appointment of Foo Kon Tan LLP, Public Accountants and Chartered Accountants as Auditors of the Company and to authorise the Directors to fix their remuneration			
9.	Authority to allot and issue new shares			
10.	Authority to grant awards, allot and issue shares under the PSL Performance Share Plan			
11.	The proposed renewal of the Share Purchase Mandate			

Dated this ________ day of ____________________ 2020

Total Number of Shares Held

____

Signature of Shareholder(s) and,
Common Seal of Corporate Shareholder

** Delete as appropriate*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "**Act**"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **37 Jalan Pemimpin #07-16 Mapex Singapore 577177**, not less than 72 hours before the time set for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any AGM laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PSL HOLDINGS LIMITED

37 Jalan Pemimpin #07-16
Mapex
Singapore 577177
T +65 6363 7622
F +65 6363 7522
www.pslgroup.com.sg