# RECYCLING THE PAST
# PROTECTING THE FUTURE

ANNUAL REPORT 2019

一合环保控股
ENVIRO-HUB HOLDINGS LTD
Let's Restore The Environment!

# CORPORATE VISION

To inspire the landscape with iconic property developments and restore the environment with technology and solutions.

# CORPORATE MISSION

We Excel as one team.

We Grow by extending our value chain.

We Expand geographical boundaries through a global perspective.

We Build capabilities by strengthening our infrastructure.

CONTENTS

# CORPORATE INFORMATION

## BOARD OF DIRECTORS
Executive Chairman
Mr Raymond Ng Ah Hua

Independent Directors
Mr Tan Kok Hiang
Mr Samuel Poon Hon Thang (Lead)

Non-Executive Director
Mr Lai Huen Poh

## AUDIT COMMITTEE
Mr Tan Kok Hiang (Chairman)
Mr Samuel Poon Hon Thang
Mr Lai Huen Poh

## NOMINATING COMMITTEE
Mr Samuel Poon Hon Thang (Chairman)
Mr Tan Kok Hiang
Mr Raymond Ng Ah Hua

## REMUNERATING COMMITTEE
Mr Tan Kok Hiang (Chairman)
Mr Samuel Poon Hon Thang
Mr Lai Huen Poh

## COMPANY SECRETARIES
Ms Joanna Lim Lan Sim
Mr Lee Wei Hsiung

## REGISTERED OFFICE
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3 Gul Crescent
Singapore 629519
Tel: 6863 2100
Fax: 6861 2100
Email: info@enviro-hub.com
www.enviro-hub.com

## REGISTRAR & TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

## AUDITORS
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Audit Partner-in-charge:
Mr Chiang Yong Torng
(Since financial year 2017)

## PRINCIPAL BANKERS
Hong Leong Finance Limited
CIMB Bank

# CORPORATE PROFILE

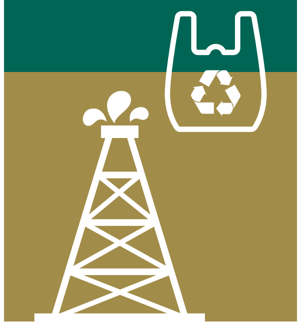
## ENVIRO-HUB'S BUSINESSES INCLUDE:

**TRADING, RECYCLING & REFINING OF E-WASTE/METALS**

**PILING CONTRACTS, CONSTRUCTION, RENTAL AND SERVICING OF MACHINERY**

**PROPERTY INVESTMENTS AND MANAGEMENT**

**PLASTICS TO FUEL REFINING**



Enviro-Hub Holdings Ltd ("Enviro-Hub") is a Singapore-listed organisation with a diverse portfolio that includes trading, recycling and refining of e-waste/metals, piling contracts, construction, rental and servicing of machinery, property investments and management, as well as plastics to fuel refining.

The Group is governed by the Board of Directors under the Chairmanship of Mr Raymond Ng, who has more than 34 years of experience in the recycling industry and over 19 years experience in the real estate arena. His knowledge and expertise has guided Enviro-Hub to identify and seize business opportunities to achieve growth across multiple revenue streams.

Driven by a proficient and committed management team, Enviro-Hub has continually paved the way forward to grow from strength to strength. We are not simply about building structures but enhancing the way we live. In line with this, our businesses focus on sustainable living, which include the provision of total WEEE (waste electrical electronic equipment) solutions, recovery and refining of platinum group metals, as well as recycling of ferrous and non-ferrous metals. These are part of our efforts to create a sustainable future and reinforce our brand presence around the globe.

The Group possesses a seamless value creation chain in our total environmental management solutions and services. Enviro-Hub is a globally trusted brand, relied upon for our commitment in innovation and excellence.

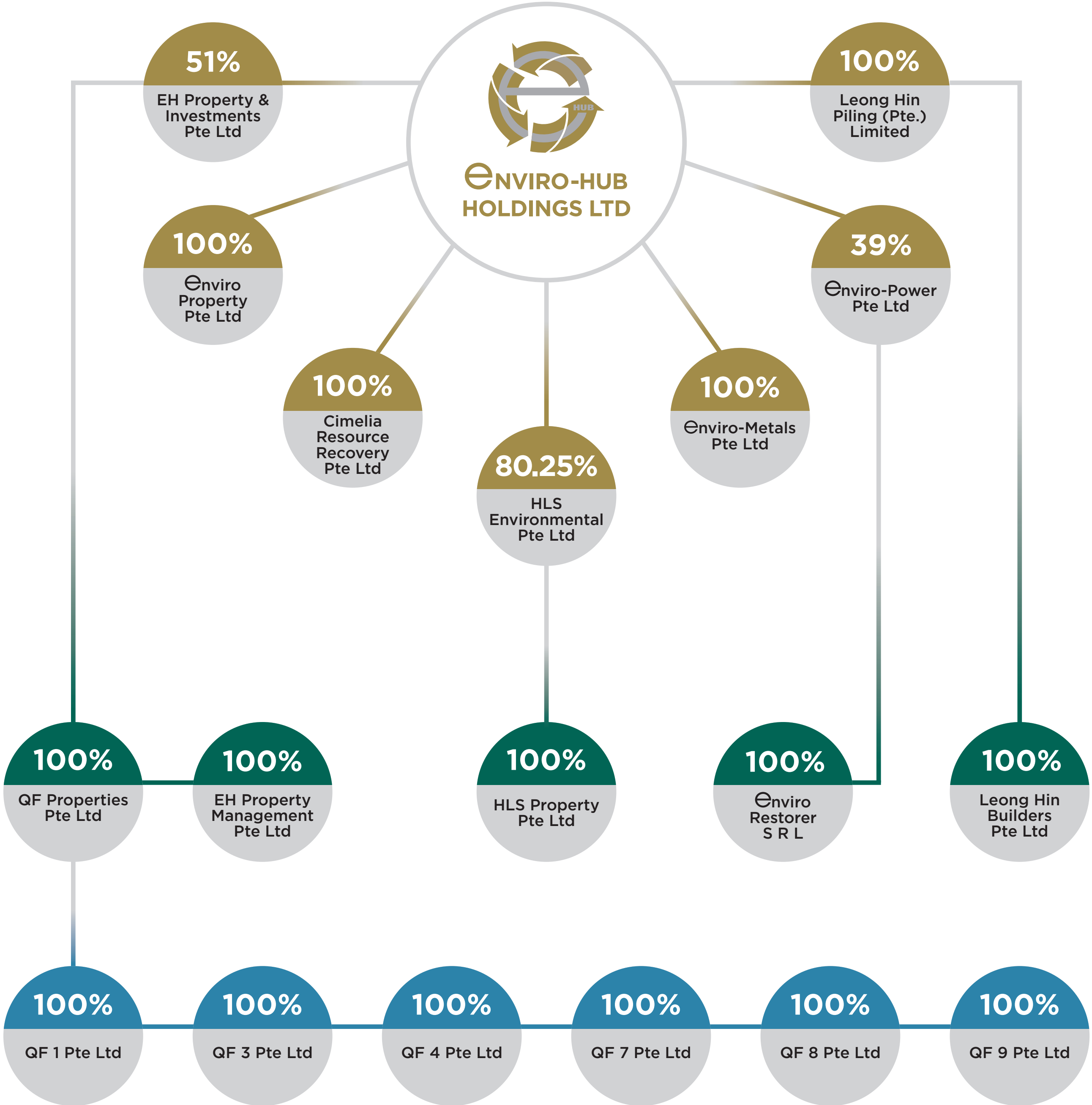
In the building and construction sector, Enviro-Hub has successfully built a solid reputation by leveraging on our subsidiaries' and associates' capabilities, which propels us to actively contribute to the transformation of Singapore's dynamic cityscape.

Enviro-Hub focuses on the investment of strategic properties with potential and strong yield. By building on our collective experience and expertise, we are well-positioned to identify valuable opportunities and optimise growth.

Enviro-Hub has also ventured into a proprietary restorer technology to convert waste plastic to usable fuel oil.

Our success is supported by our dedicated staff and management team, working closely together with our business partners and customers to deliver quality and reliable solutions. In our pursuit of greater progress, we will always work with integrity to uphold the highest standards and strive to generate continuous growth for our stakeholders.

# GROUP STRUCTURE



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I present to you our annual report for the financial year that ended 31 December 2019 ("FY2019").

I am pleased to report that Enviro-Hub has continued making progress from the previous financial year. The Group remained focus on strengthening our core business in FY2019, which led to an increase in revenue and gross profit of 31% and 12% respectively. Our recycling, piling and property investment segments contributed positively to the bottom line for the year. However, the growth of our recycling businesses was impacted by the ongoing trade conflict between the US and China.

The Group has maintained a healthy working capital ratio of more than 1. This places us in a solid position to carry out our operations efficiently and effectively.

We live in a world that focuses on the effects of climate change and the ability to build a sustainable future. This has led to an increased interest in recycling solutions, of which Enviro-Hub is able to capitalise on. In our last financial reporting year, I mentioned that the Group made a proposition to acquire a second recycling facility in Jurong. I am pleased to update shareholders that this acquisition has since been completed and the facility has commenced operations in FY2019.

This strategic move will ensure that we can better facilitate ourselves to meet the expected rise in demand for recycling services, especially with the approaching mandatory recycling management regulation, which is set to take place next year. This is in line with Singapore's Ministry of Environment and Water Resources' (MEWR) objective to implement a mandatory electrical and electronic waste management system by 2021.

The Group will continue investing and enhancing our abilities in recycling electrical and electronic waste, ferrous, non-ferrous scraps and energy devices – building on new innovation and technology to recycle waste in a financially sustainable manner. This enables us to provide our customers with high-yield solutions for recovering and recycling production waste without compromising environmental protection.

We live in a world that focuses on the effects of climate change and the ability to build a sustainable future. This has led to an increased interest in recycling solutions, of which Enviro-Hub is able to capitalise on.

Our property investment segment is poised to face headwinds as the global economy experiences challenges brought about by the Covid-19 coronavirus outbreak. In light of this, it is expected that many corporations will be cautious on business expansion for the time being, which will affect our property leasing business.

The Group's construction segment has contributed positively to the bottom line of our financial performance in FY2019. According to the media released published by the Building and Construction Authority of Singapore on 8 January 2020, the demand for construction in the year is expected to remain strong, especially in the public sector. Barring unforeseen circumstances, management believes that the Group's construction business will benefit by tapping into the potential of this growth forecast.

On behalf of the Board of Directors, I would like to express my appreciation to all our shareholders for your continued support. To our valued Board of Directors, thank you for your unwavering counsel and leadership. I would also like to thank our management and staff for your hard work and contribution to propel Enviro-Hub forward.

**MR RAYMOND NG AH HUA**
Executive Chairman

# BOARD OF DIRECTORS

## MR RAYMOND NG AH HUA
**Executive Chairman**

Mr Ng joined the board on 28 October 2004 and was last re-elected as Director of the Company on 25 April 2019. He is a member of the Nominating Committee. As the Executive Chairman, he is responsible for the Group's overall management, business development, investment decisions as well as strategic direction and planning. He has developed a keen and astute business mindset which has enabled him to identify business opportunities, and is instrumental in spearheading the Group's new business transformation into an environmental hub. He has accumulated over 34 years of experience in the recycling and e-waste management & recovery business. He is also an accomplished property developer with more than 19 years of industry experience.

In recognition of Mr Ng's contribution to the community, he was awarded Public Service Medal (PBM) Award in 2003 and Bintang Bakti Masyarakat (BBM) Award in 2014. He has also received a Service to Education Award – Silver in 2010 by the Ministry of Education, Singapore.

## MR SAMUEL POON HON THANG
**Lead Independent Director**

Mr Poon joined the board on 26 September 2006 and was last re-elected as Director of the Company on 25 April 2018. He is also the Chairman of Nominating Committee and a member of the Audit and Remuneration Committees. He was further appointed as Lead Independent Director on 25 February 2016.

Mr Poon is a distinguished former banker with experience that spans almost three decades in the financial industry. From 1979 to 1988, he served at Citibank NA (Singapore), where he was responsible for credit, marketing, remedial management and structured finance, etc. Mr Poon was also the Senior Executive Vice President at United Overseas Bank Ltd. ("UOB"), and was closely involved in running many parts of the bank including corporate banking, corporate finance to branch and consumer banking, etc. He retired from UOB in May 2006 after almost two decades of service. In addition, Mr Poon had previously held directorships in various UOB associated companies and subsidiaries. He is also an Independent Director of other listed companies. Mr Poon also holds directorship in other private company.

## MR TAN KOK HIANG
**Independent Director**

Mr Tan joined the board on 21 May 1999 as an Independent Director. He was last re-elected as Director of the Company on 25 April 2019. He is also the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee.

Mr Tan has more than 30 years of experience in accounting, corporate finance, strategic planning and business development. He holds a Bachelor of Accountancy (with Honours) from the University of Singapore and is a member of the Singapore Institute of Directors. He also sits on the boards of a few other public listed companies in Singapore.

## MR LAI HUEN POH
**Non-Executive Director**

Mr Lai joined the board on 27 May 2008 as Independent Director and was re-designated to Non-Independent Non-Executive Director on 30 October 2012. He was last re-elected as Director of the Company on 28 April 2017. He is also a member of the Audit and Remuneration Committees.

Mr Lai joined the Surbana Jurong Group in October 2019 as Senior Managing Director of SJ architecture. He is involved in a wide range of projects both in Singapore and internationally. Mr Lai is a Chartered Engineer with the Institution of Civil Engineers, UK, a member of the Singapore Structural Steel Society, the Strata Titles Board of Singapore, an associate of the Institution of Structural Engineers and the Association of Consulting Engineers, a fellow of the Institution of Engineers and the Society of Project Managers. He is also an Accredited Checker with the Professional Engineers Board, Singapore.

Besides his professional qualifications, Mr Lai has served on several BCA committees such as Construction Best Practice, Structural Robustness, International Panel of Experts (IPE) on Construction and Prefabrication Technology, IPE on BIM Technology, Assessment Panels for the Construction Productivity Award, Construction Excellence Awards, Design & Build Engineering Safety Excellence Awards, BCA-SGBC Green Building Individual Awards and BCA Academy Advisory Panel in 2011. He is also an advisor and external reviewer to Nanyang Technological University and was also appointed to the International Panel of Experts on Lifts & Escalators Safety.

Mr Lai served as Board member of the Building and Construction Authority Singapore (1 April 2011-31 March 2019) and the Singapore Land Authority (1 August 2013-3 July 2019). He is also a member of the Pro-Enterprise Panel (PEP).

For his contribution to the nation through his service on the Strata Titles Board, the Ministry of National Development conferred upon him the Meritorious Service Award (Pingat Bakti Masyarakat) in 2011. He was also conferred the Public Service Star, Bintang Bakti Masyarakat, (BBM) in 2018, a national recognition for his invaluable contributions to the Building and Construction Authority.

# KEY EXECUTIVES OF THE GROUP

### MS TAN LAY MAI
Chief Financial Officer

**Director: HLS Environmental Pte Ltd, Enviro Property Pte Ltd, EH Property & Investments Pte Ltd, Enviro-Power Pte Ltd, Enviro Restorer SRL, Leong Hin Builders Pte Ltd, EH Property Management Pte Ltd, QF Properties Pte Ltd, QF 1 Pte ltd, QF 3 Pte Ltd, QF 4 Pte Ltd, QF 7 Pte Ltd, QF 8 Pte Ltd, QF 9 Pte Ltd and HLS Property Pte Ltd**

Ms Tan joined Enviro-hub Holdings Limited ("the Group") on 26 July 2004. She was appointed as the Group's Chief Financial Officer on 1 March 2014. She is responsible for the Group's full spectrum of financial and taxation functions, including the Group's financial planning and analysis, financial policies and budgeting, corporate finance and accounting, treasury, internal controls and compliance with corporate, legal, tax and accounting requirements. She also handles investor relations, investments and acquisitions of the Group.

Ms Tan has more than 20 years of experience in accounting, treasury and auditing. She is a Certified Practicing Accountant of Australia, member of the Institute of Singapore Chartered Accountants and member of the Malaysian Institute of Accountants. Ms Tan holds a Bachelor of Business in Accountancy (Honours) from the Edith Cowan University (Perth, Western Australia).

### MR JERRY NG BOON SONG

**Director: Cimelia Resource Recovery Pte Ltd**

Mr Ng joined Cimelia Resource Recovery Pte Ltd ("Cimelia") as a Senior Sales & Marketing Manager in 2011 and was appointed as Director on 19 November 2013. Mr Ng plays an integral role in the daily management of Cimelia, such as strategic planning, operations, international business relations and marketing events.

He holds a BSc. Management from the University of London and a Diploma in Electronics from Ngee Ann Polytechnic. Mr Ng possesses more than 19 years of extensive global e-waste experience and has spearheaded numerous projects, establishing excellent working relationships with many MNCs in the recycling and precious metals recovery industry. He is also credited with contributing to the strategic direction of Cimelia. Prior to joining Cimelia, Mr Ng ran his own company, which involved the trading of e-waste in the region. In addition, he has also headed several Sales & Marketing Divisions in other recycling firms.

## MR AUNG NAING MOE

### Director: Leong Hin Piling (Pte.) Limited

Mr Aung joined Leong Hin Piling (Pte.) Limited ("LHP") since 1995. He was appointed as Director of LHP on 30 June 2017. He specialises in civil construction, geotechnical and piling projects. He oversees the business activities of LHP and is involved in many residential, commercial and institutional projects in Singapore for the past 20 years. These projects include Fixed Gangways & Associated Modification Works at Changi Airport Terminal 1, the Formula 1 (F1) Paddock Building at Republic Boulevard, a 36-storey Public Housing Development at Toa Payoh, 7-storey multi-user Warehouse/General Industrial Factory at Jalan Lam Huat, and construction of the station and viaducts for the Tuas West MRT Extension.

His M.Sc. research project/dissertation involves detail review of bored pile's case history in Singapore to conclude simplified piling design procedures and parameters. Building on an extensive academic and industry experience, Mr Aung has been involved in several major projects in Singapore and provided value engineering insight to resolve complex geotechnical problems.

Mr Aung is the Company's Technical Controller (TC) who oversees the execution and performance of all projects undertaken. He was accredited as a Resident Engineer by The Institution of Engineers Singapore (IES) and Association of Consulting Engineers Singapore (ACES).

Mr Aung holds a Master of Science in Geotechnical Engineering from the Nanyang Technological University, Singapore and Bachelor of Science in Geology from the University of Yangon, Myanmar.

# CORPORATE REVIEW

Revenue increased by $8.0 million or 31%, from $26.2 million in FY2018 to $34.2 million in FY2019. This was due mainly to higher precious metal sales generated from the Group's recycling businesses. The Group's bottom line result has continued to register a net profit of approximately $0.8 million despite negative market conditions affected by the trade war between the United States and China during the year.

## SEGMENTAL REVIEW

### Trading, Recycling and Refining of E-waste / Metals Division

This division focuses on providing e-waste management solutions and recycling services. The business segment contributed $21.6 million or 64% of the Group's revenue in FY2019, as compared to $13.2 million or 51% in FY2018. The increase was attributed to higher precious metal sales generated from the Group's recycling plant during the year. The segment's profit has decreased from $2.7 million in FY2018 to $1.6 million in FY2019. This was due to a decrease in gross profit margin that resulted from the increase of low margin precious metal sales from the Group's recycling businesses.

### Property Investments and Management Division

This division engages in developing, investing and managing the Group's investment properties. The business segment contributed $2.7 million or 8% of the Group's revenue for FY2019, in comparison to $3.3 million or 13% in FY2018. The decrease was attributed to the slowing down of the industrial property market and the disposal of strata industrial units held at 63 Hillview Avenue during the year. The segment profitability from the investment properties business segment has decreased from $8.1 million in FY2018 to $4.7 million in FY2019. The decrease was attributed to lower fair value gain recorded for the Group's investment properties held at 63 Hillview Avenue and a decrease in rental income due to the challenges faced in the industrial property market.

### Piling Contracts, Construction, Rental & Servicing of Machinery

This division provides piling services, as well as the rental and sale of cranes and heavy machinery for the construction industry. The business segment contributed $9.5 million or 27% of the Group's revenue in FY2019, as compared to $9.2 million or 36% in FY2018. The increase was attributed mainly to an improvement in piling revenue and cost savings. Segment profitability has improved from a segmental loss of $0.8 million in FY2018 to segmental profit of $0.3 million in FY2019 due to more projects secured and effective cost control in FY2019.

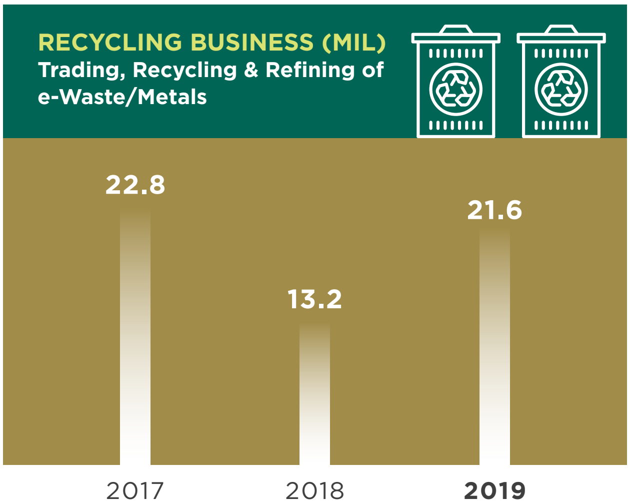

## OUTLOOK

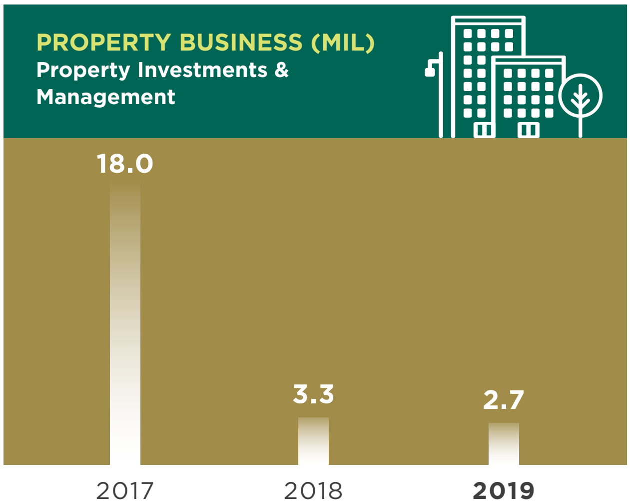
The continuous trade tensions between the United States and China and current Covid-19 pandemic may expose Singapore's economy downturn risk. The Group will continue to drive for efficiency and manage cost in its core businesses in order to enhance resilience and drive progress.

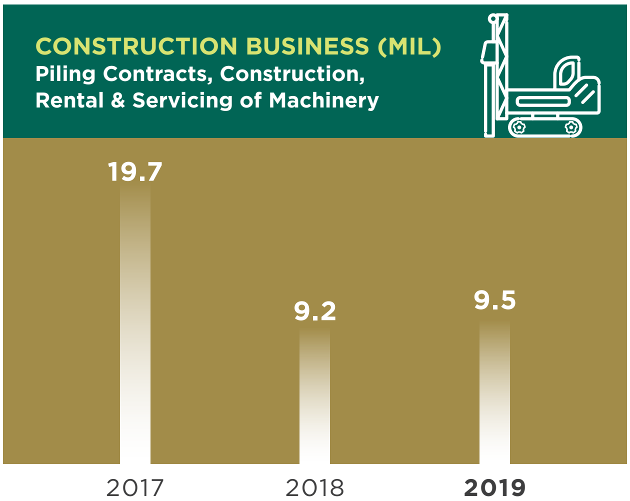
Management believes the Group's recycling business will continue to grow at a stable rate in forthcoming financial years. In a recent news release from the Building and Construction Authority ("BCA") in early 2020, BCA projects that the total construction demand will remain strong in 2020. The Group's construction sector will remain competitive and sustainable by continuing its effort in cost controlling. With the Covid-19 situation is still evolving, we will be cautious in our approach towards domestic business expansion and stay vigilant in our operations, as this pandemic is expected to impact the Group's property leasing market in the short run.

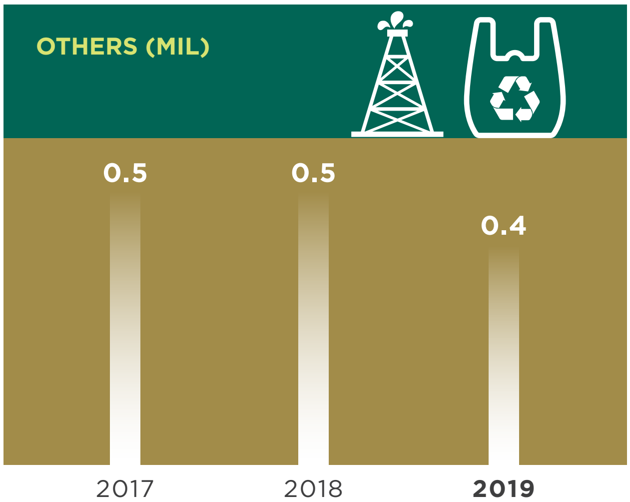
# FINANCIAL HIGHLIGHTS

## REVENUE




**TOTAL REVENUE FOR FY2019**

**S$34.2 MILLION**

FY2018:
S$26.2 million

FY2017:
S$61.0 million

**PROFIT BEFORE TAX FOR FY2019**

**S$0.9 MILLION**

FY2018:
Profit before tax of S$3.7 million

FY2017:
Loss before tax of S$39.9 million

**PROFIT FOR FY2019**

**S$0.8 MILLION**

FY2018:
Profit of S$3.7 million

FY2017:
Loss of S$40.6 million

# CORPORATE GOVERNANCE

The Board of Directors and Management of **Enviro-Hub Holdings Ltd (the "Company")** remain committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company. This report outlines the Company's corporate governance processes and activities that were in place throughout the financial year, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**2018 Code**") issued on 6 August 2018.

For the financial year ended 31 December 2019 ("**FY2019**"), the Company has complied with the core principles of corporate governance laid down by the 2018 Code. The Company has also largely complied with the provisions that reinforce the principles of the 2018 Code and in areas where there are variations from the provisions of the 2018 Code (namely, variations from Provisions 2.4, 3.1, 3.2, 5.1, 5.2, 8.1, 11.4 and 11.5), appropriate explanation and the reasons for variations has been provided within this report. The Board considers that the alternative corporate governance practices adopted are consistent with the intent of the relevant principle of the 2018 Code.

## BOARD MATTERS

### The Board's Conduct of Affairs

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

| **Provisions** | **Corporate Governance Practices of the Company** |
|---|---|
| 1.1 | The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience, to lead and control the Company. The principal role of the Board is to review and approve strategic plans, key operational and financial issues, evaluate performance of the Company, supervise executive management to achieve optimal shareholder' value. In particular, the Board holds the management of the Company (the "**Management**") accountable for performance. The Company's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the Enviro-Hub Group. Directors, officers and employees are required to observe and maintain high standards of integrity, as to be in compliance with the law and the regulations, and company policies. |
| 1.2 | New directors, upon appointment, are briefed on the business and organization structure of the Group. Directors of the Company will also be updated from time to time of any news and relevant changes to statutes and regulatory requirements applicable to the Company's business. Where possible and when the opportunity arises, the non-executive directors ("NEDs") will be invited to location of plants or target property where the Group operates or invest to enable them to obtain a better perspective of the business and enhance their understandings of the Group's operations.<br><br>All directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the directors are competent in carrying out their expected roles and responsibilities. The directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.<br><br>The Company has an on-going budget for all directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments and changes in the regulatory requirements. |
| 1.3 | The Board has identified a number of areas for which the Board has direct responsibility for decision-making. Matters which are specifically reserved for decision making by the full Board include those involving corporate plans and budgets, material acquisitions and disposal of assets, corporate and/or financial restructuring, share issues, dividends, other returns to shareholders and interested person transactions. |

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| | The Board also meets to review and consider the following corporate matters:-<br>• Approval of quarterly and year-end results announcements;<br>• Approval of the annual reports and financial statements;<br>• Convene shareholders' meetings;<br>• Material acquisition and disposal of assets;<br>• Major investments and funding decisions;<br>• Financial performance and key operational initiative; and<br>• Oversee the implementation of appropriate systems to manage the Group's business risk. |
| 1.4 | To assist the Board in executing its duties, the Board has delegated specific functions to the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (together "Board Committees" and each a "Board Committee"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members. A summary of the activities of the AC, the NC and the RC during FY2019 are also included within this report. |
| 1.5 | During the financial year ended 31 December 2019 ("FY2019"), the Board has held meetings for particular and specific matters as and when necessary. The Company's Constitution allows the Board to convene meetings by tele-conferencing. Details of the frequency of Board and Board Committee meetings held in FY2019, as well as the attendance of each Board member at these meetings are disclosed in **Table 1**. Sufficient time and attention are being given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations as set out in **Table 3**. |
| 1.6 | Board members are provided with adequate and timely information prior to Board meetings, and on an on-going basis. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. |
| 1.7 | The Board has separate and independent access to the Group's senior management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. During FY2019, the Non-Executive Independent Directors ("NEIDs") met quarterly and on an ad hoc basis with the Chairman and other key management personnel of the Group as and when required to discuss key issues and the challenges facing the Group. The Company benefited from the NEIDs having ready access to the Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.<br><br>The Company Secretary attends all Board meetings, provides corporate secretarial support to the Board and ensures adherence to the Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between Senior Management and Non-Executive Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board. |

**BOARD COMPOSITION AND GUIDANCE**

| Principle 2: | The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company. |
|---|---|
| 2.1 | The Board comprises four directors of whom two are independent non-executive directors, one non-executive director and one executive director. The Chairman of the Board is not an Independent Director. Independent directors make up at least one-third of the Board. A summary of the current composition of the Board and its committees is set out in **Table 2**. |

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| | The independence of each director is reviewed annually by the Nominating Committee (“NC”) based on the guidelines as set out in the 2018 Code as well as the respective director’s Confirmation of Independence Statement.<br><br>Concerning the independence of directors who have served on the Board beyond nine years, both Mr Tan Kok Hiang (having refreshed his independence once in 2005) and Mr Samuel Poon Hon Thang (having attained his 9 years of service on 26 September 2015) have served on the Board beyond nine years. The NC performs an annual review of their interests in which all potential or perceived conflicts (including time commitments, length of service and other issues relevant to their independence) are considered.<br><br>Where a director has served on the Board for more than nine years, the Board has further reviewed whether such a director should be considered independent. The following were some of the factors considered in reviewing the independence of the director who has served beyond nine years.<br><br>(a) whether the Director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders;<br><br>(b) whether the length of service has had any adverse impact on the Director’s objectivity and judgement and whether during the tenure there has been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and<br><br>(c) whether the director continues to exhibit a firm commitment to his role and continues to actively contribute with the knowledge and experience of the Group’s business built up over the years.<br><br>Each of the aforesaid independent non-executive directors has exercised strong independent judgment in their deliberations in the interests of the Company and maintains their objectivity and independence at all times in the discharge of his duties as director. In addition, the independence of character and judgment of each of the directors concerned was not in any way affected or impaired by the length of service. Having weighed the need for Board rejuvenation against tenure, the Board is satisfied with the independence of character and judgment of both Mr Tan Kok Hiang and Mr Samuel Poon Hon Thang and recommends that they continue on the Board as independent directors of the Company. Each of the long serving directors had duly recused himself from the discussion and taking a decision in respect of his own independence. |
| 2.2 | Where the Chairman is not independent, the independent directors should make up a majority of the Board. In this regard, while independent directors do not make up a majority of the Board, more than one-third of the Board is made up of independent directors. The Board considers that the present Board size is appropriate, taking into account the nature and scope of the Group’s operation and accordingly, no additional independent directors are proposed to be appointed in order for independent directors to make up a majority of the Board. Additionally, the Board is of the view that the independent directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority. |
| 2.3 | The Company has complied with the 2018 Code’s provision for majority of the Board to make up of non-executive directors. |
| 2.4 | The Directors consider that the Board’s present size of 4 members is of the appropriate size taking into account the nature and scope of the Group’s operation. The Board and the Board Committees comprise directors who as a group provide core competencies, such as accounting and finance, business and management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary and critical to meet the Group’s objectives. The diversity of the Directors’ experience allows for the useful exchange of ideas and views. The biographies of all Board members are set out in the section entitled ‘Board of Directors”. |

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| | The Company values and embraces the benefits of having greater diversity on the Board in terms of skills, knowledge, experience and other aspects of diversity such as age, gender and ethnicity and views diversity on the Board as an important element in building an effective Board even though the Company has yet to formalize this view by way of a written policy. The NC will be tasked to develop a Board Diversity Policy in due course. |
| 2.5 | The non-executive directors aim to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors would also review the performance of Management in meetings. Where warranted, the non-executive directors meet without the presence of Management or executive directors to review any matters that must be raised privately. |

**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

| Provisions | Corporate Governance Practices of the Company |
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| 3.1 | The Company does not have the position of Chief Executive Officer ("CEO") and no CEO is proposed to be appointed. Mr Raymond Ng Ah Hua currently fulfills the role of the Executive Chairman and is responsible for the day-to-day running of the Group, business development, investment decisions, and strategic direction and planning as well as exercising of control over the quality, quantity and timeliness of information flow between the Board, Management and the shareholders of the Company. |
| 3.2 | All major decisions made by the Executive Chairman are reviewed by the Board. His performance will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the RC. The Executive Chairman and other non-executive directors have regular meetings. All important and major decisions relating to the operations and Management of the Group are made jointly and collectively by them. The Board believes that there is a balance of power and authority within the Board as all the Board Committees are chaired by independent directors.<br><br>The Executive Chairman is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. He is also responsible for representing the Board to the shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agenda in consultation with the Chief Financial Officer ("**CFO**") and/or Company Secretary, acting as facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. The Executive Chairman reviews Board papers before they are presented to the Board and ensures that Board members are provided with adequate and timely information. |
| 3.3 | The Board has appointed Mr Samuel Poon Hon Thang, an independent and non-executive director, as the Lead Independent Director ("LID"). Mr Samuel Poon Hon Thang will be available to address shareholders' concerns when contact through the normal channels of the Executive Chairman and the CFO has failed to provide a satisfactory resolution or when such contact is inappropriate. |

**BOARD MEMBERSHIP**

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

| Provisions | Corporate Governance Practices of the Company |
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| 4.1 | The responsibilities of the Nominating Committee ("NC") are described in its written terms of reference. Its main role is to ensure a rigorous process of board appointments and re-nominations, the determination of independence of each director and identification of new directors who have the appropriate knowledge, experience and skills to contribute effectively to the Board. |

| Provisions | Corporate Governance Practices of the Company |
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| | The principal functions of the NC are to establish a formal and transparent process to:<br><br>(a) Review the background, academic and professional qualifications of each individual director;<br><br>(b) Review and recommend the nomination of retiring directors for re-election at each Annual General Meeting ("AGM");<br><br>(c) Nominate and recommend all new appointments to the Board;<br><br>(d) Decide, where a director has multiple board representation, whether the director is able to and has been adequately carrying out his duties as a director of the Company;<br><br>(e) Assess the performance of the Board as a whole, as well as the contribution of each director to the effectiveness of the Board;<br><br>(f) Review and determine annually the independence of each director; and<br><br>(g) Review the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary.<br><br>**Summary of NC's activities in FY2019**<br>• Evaluate the Board's composition and size, Director's tenure, competencies and outside commitments, attendance and nomination of directors for re-election.<br>• Reviewed the major themes arising from the annual Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened.<br>• Reviewed the Director's independence criteria and assessment process. |
| 4.2 | The NC comprises three directors, a majority of whom, including the Chairman, are independent non-executive directors. The LID is a member of the NC. The names of the members of the NC are disclosed in **Table 2**. |
| 4.3 | The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; (i) academic and professional qualifications; (ii) industry experience; (iii) number of other directorships; (iv) relevant experience as a director; and (v) ability and adequacy in carrying out required tasks. No alternate director has been appointed to the Board.<br><br>The NC leads the process for board appointments and makes recommendations to the Board. The integrated process of appointment includes:<br><br>i. Developing a framework on desired competencies and diversity on board;<br>ii. Assessing current competencies and diversity on board;<br>iii. Developing desired profiles of new directors;<br>iv. Initiating search for new directors including external search, if necessary;<br>v. Shortlist and interview potential director candidates;<br>vi. Recommending appointments and retirements to the board; and<br>vii. Re-election at general meeting.<br><br>All newly appointed directors will have to retire at the next AGM following their appointments pursuant to Article 112 of the Company's Constitution. The retiring directors are eligible to offer themselves for re-election. The following directors will retire by rotation at the forthcoming AGM and have been re-nominated for re-election:<br><br>Mr Lai Huen Poh (Article 107)<br>Mr Samuel Poon Hon Thang (Article 107) |

| Provisions | Corporate Governance Practices of the Company |
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| | The NC has recommended the nomination of the directors retiring by rotation for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM. |
| 4.4 | The NC determines the independence of each director annually based on the definitions and guidelines of independence having regard to the circumstances set forth in Provisions 2.1 above. The Board, after taking into consideration the views of the NC, considers them to be independent by virtue of the fact that each Director does not have any existing business and/or professional relationship whatsoever with Enviro group of companies and its officers who could possibly influence their objectivity in discharging their duty as an Independent Director of the Company. |
| 4.5 | The NC reviews annually the time commitment of directors. Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his/her duties as a director of the Company. Further information on the directorships and principal commitments of each director are disclosed in **Table 3**.<br><br>The NC and the Board are of the standpoint that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many other factors such as whether they are in full time employment and their other responsibilities or principal commitments. In addition, the board representations presently held by its directors do not impede the performance of their duties to the Company. |

## BOARD PERFORMANCE

| Principle 5: | The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors. |
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| Provisions | Corporate Governance Practices of the Company |
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| 5.1 | The NC has used its best effort to ensure that each director appointed to the Board and the Board Committees, with their skills and contributions, brings to the Board and independent and objective perspective to enable sound balanced and well-considered decisions to be made.<br><br>The NC is responsible for deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company. The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board and the Board Committees as a whole. |
| 5.2 | The NC has adopted a formal system of evaluating the Board and Board Committees as a whole, annually. The NC reviewed the performance of the Board and Board Committees as a whole, the assessment parameters of which involves the evaluation of the Board composition, size and expertise, timeliness of information flow and quality of information to the Board, Board pro-activeness, Board accountability and oversight, functioning of the Board Committees as well as standards of conduct. The annual evaluation exercise provides an opportunity to gain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole as well as the efficiency and effectiveness of the Board Committees in assisting the Board. |

| Provisions | Corporate Governance Practices of the Company |
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| | Although the directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of directors for the current year are based on their attendances, commitment of time, professional expertise, knowledge of the industries and value contributions to the development and strategy planning of the Company made at meetings of Board and Board Committees, general meeting as well as informal contribution via e-mail and telecommunication discussion.<br><br>No external facilitators were used in the assessment of the Board, its Board Committees and the individual directors. |

## REMUNERATION MATTERS

### Procedures for developing remuneration policies

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

| Provisions | Corporate Governance Practices of the Company |
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| 6.1 | The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group. The RC's role is to review and recommend to the Board the remuneration packages and terms of employment of the executive directors and key executives of the Group. The review will cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind. The RC's recommendations are made in consultation with the Executive Chairman and submitted for endorsement by the entire Board. |
| 6.2 | The RC, regulated by a set of written terms of reference, comprises three non-executive directors, majority of whom, including the Chairman, are independent non-executive directors. The RC comprises entirely non-executive directors. The names of the members of the RC are disclosed in **Table 2**. |
| 6.3 | The RC reviews the service contracts of the Company's executive directors and key executives. Services contracts for executive directors are for a fixed appointment period and may be terminated by not less than six-month's notice in writing served by either party or salary in lieu of notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors and key executives.<br><br>In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals. The Company has not adopted the use of contractual provisions to reclaim incentive components of the remuneration of executive directors and key management personnel as it was considered unnecessary in the Company's current context. |
| 6.4 | The RC has access to expert advice inside and/or outside the Company on remuneration of directors, where required. No external remuneration consultant was appointed in FY2019.<br><br>**Summary of RC's activities in FY2019**<br>• Reviewed the remuneration for Directors and Key Management Personnel;<br>• Agreed with the variable bonus for employees of the Group;<br>• Reviewed the remuneration level for Non-executive Independent Directors; and<br>• Reviewed the proposed salary adjustment for management for FY2019. |

**LEVEL AND MIX OF REMUNERATION**

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

7.1 & 7.3 **REMUNERATION POLICY IN RESPECT OF EXECUTIVE DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL**

**Provisions** **Corporate Governance Practices of the Company**

The Company's remuneration policy is to provide compensation packages at market rates that reward good performance and attract, retain and motivate directors and managers. It also takes into consideration of the Group's performance.

The executive directors are remunerated as members of management. Their remuneration in FY2019 comprises a basic salary component, annual wage supplement, share award scheme and a profit sharing scheme, based on the performance of the Group as a whole and their individual performance.

The Company obtained shareholders' approval in FY2012 to implement a share award scheme known as the Enviro-Hub Share Award Scheme (the "Scheme"). The Scheme is administered by the RC, comprising Mr Tan Kok Hiang (Chairman), Mr Samuel Poon Hon Thang and Mr Lai Huen Poh.

As at the date of this report, Awards comprising 13,614,862 ordinary shares were granted to Mr Ng Ah Hua, Raymond, a controlling shareholder and Executive Chairman of the Company pursuant to the Scheme. The Awards granted to Mr Ng Ah Hua, Raymond will be released, in whole or in part(s), from time to time during the period when the Scheme is in force at the discretion of the RC, if certain pre-determined performance conditions, as determined by the RC, are achieved, or otherwise in accordance with the rules of the Scheme. On 11 April 2018, 5,445,944 ordinary shares have been allotted to Mr Ng Ah Hua, Raymond pursuant to the vesting of the Awards granted under the Scheme.

The Company has allotted and issued an aggregate of 7,095,944 shares to the Directors on 11 April 2018 pursuant to the vesting of the Awards granted under the Scheme. Further details of the Scheme and the Awards granted and vested under the Scheme are set out in the Directors' Statement.

7.2 **POLICY IN RESPECT OF NON - EXECUTIVE DIRECTORS' REMUNERATION**

The non-executive directors ("NEDs") and the non-executive independent directors ("NEIDs") are remunerated under a framework of basic fees for serving on the Board and Board Committees. The executive director of the Board also receives a nominal fee.

Fees for NEDs, NEIDs and executive director of the Board are subject to the approval of shareholders at the Annual General Meeting ("AGM").

Pursuant to the shareholders' approval obtained on 28 April 2015, the grant of an aggregate number of 2,200,000 ordinary shares to the non-executive directors of the Company as part of their Directors' fees for FY2015 (which consists of the grant of fully-paid shares under the Enviro-Hub Share Award Scheme with no performance and vesting conditions attached), such ordinary shares have been allotted to the non-executive directors on 11 April 2018 with the exception of one director whose grant has become void and ceased to have effect on the date of his resignation. The award of shares to the non-executive directors is intended to attract capable individuals to the Board, as well as retain and motivate them in their roles as non-executive directors. It also aligns their interest to those of the shareholders and recognizes individual contributions.

## DISCLOSURE OF REMUNERATION

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

| **Provisions** | **Corporate Governance Practices of the Company** |
|---|---|
| 8.1 | **LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2019.**<br><br>Although the actual remuneration of each director and the top key management personnel (who are not directors or the CEO) are not fully disclosed, the Company discloses their remuneration using a narrower band of S$100,000 to improve transparency and also discloses in aggregate the total remuneration paid to the directors and the top key management personnel (who are not directors or the CEO).<br><br>The compensation structure for the key management personnel (who are not directors or the CEO), of Group subsidiaries consists of three key components – salary, bonus and other benefits.<br><br>**Table 4** and **Table 4A** sets out the breakdown of the remuneration of the directors and the key management personnel (who are not directors or the CEO), respectively, for FY2019.<br><br>Regarding the 2018 Code's recommendation to fully disclose the remuneration of directors and the top five key management personnel (who are not directors or the CEO), given the confidentiality of and commercial sensitivity attached to remuneration matters, the Company believes that disclosing remuneration in the respective bands and disclosing in aggregate the total remuneration paid to the directors and the top key management personnel (who are not directors or the CEO) provide sufficient overview of the remuneration of directors and the top five key management personnel (who are not directors or the CEO). |
| 8.2 | **REMUNERATION OF EMPLOYEES WHO ARE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY, OR ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR, THE CEO OR A SUBSTANTIAL SHAREHOLDER OF THE COMPANY**<br><br>There are no substantial shareholders of the Company, or immediate family member (defined in the Listing Manual as the spouse, child, adopted child, step-child, brother, sister and parent) of a director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S$100,000 during FY2019. |
| 8.3 | The Company has a share incentive scheme known as the "Enviro-Hub Share Award Scheme" (the "Scheme"). Further details of the Scheme are set out above under Principle 7 and disclosed in the Directors' Statement. The Circular to Shareholders dated 31 October 2012 containing the detailed information on the Enviro-Hub Share Award Scheme is available to shareholders upon their request.  . |

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

| **Provisions** | **Corporate Governance Practices of the Company** |
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| 9.1 | The Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board recognizes that the system is subject to inherent limitations and a cost effective internal control system can provide only reasonable and not absolute assurance against irregularities. During the year, the Audit Committee ("AC"), on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls and risk management. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:–<br><br>i. Discussions with Management on risk identified by Management;<br>ii. The audit processes;<br>iii. The review of internal and external audit plans; and<br>iv. The review of significant issues arising from internal and external audits.<br><br>In addition to the work carried out by the external auditors and internal auditors, the Group has engaged an international accounting firm to document the framework that enables Management to address the financial, operational and compliance risks of the key operating units. The process involved the identification of major risks for the Group's business units whereby the business units' key risks of financial, operational and compliance nature, as well as the counter measures in place or required to mitigate these risks were summarized for review by the Board. The documentation provided an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanisms in place.<br><br>The Board acknowledges that it is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group's Management and that was in place throughout the financial year and up to the date of this report is adequate to meet the needs of the Group in its current business environment.<br><br>Any material non-compliance and internal control weakness noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system.<br><br>The Company manages risk under an overall strategy determined by the Board and supported by the AC, RC and NC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group and the Company are subject to.<br><br>Based on the framework established and the reviews conducted by the internal and external auditors, the Board opines, with the concurrence of the AC, that there are adequate controls in place within the Group addressing material financial, operational, compliance and information technology risks to meet the needs of the Group in their current business environment.<br><br>As the Company has not put in place a Risk Management Committee, the Board, the AC and the Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC. |

| Provisions | Corporate Governance Practices of the Company |
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| 9.2 | The Board has received assurance from (a) the Executive Chairman and the Group CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Executive Chairman and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems. |

**AUDIT COMMITTEE**

**Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.**

**Provisions** — **Corporate Governance Practices of the Company**

10.1 The AC has specific written terms of reference and performed the following functions:

(a) Reviews the scope of work and results of the audit done by the external auditors, and evaluate the cost effectiveness and the independence and objectivity of the external auditors;
(b) Meets on quarterly basis to review the quarterly and full year announcements of the results and the financial position of the Group before submission to the Board for approval;
(c) Reviews the adequacy of the internal control systems of the Group through discussion with the Management and external auditors;
(d) Reviews the effectiveness of the internal audit function, internal audit plans and discuss with the Management on the significant internal audit observations and actions to correct any deficiencies;
(e) Recommends to the Board for the re-appointment of external auditors and approving their remuneration and terms of engagement of the external auditor;
(f) Reviews the adequacy of the assistance given by the Group's officers to the external and internal auditors;
(g) Reviews the requirements for approval and disclosure of interested person transactions, and where necessary, review and seek approval for interested persons transactions;
(h) Reviews the consolidated financial statements of the Group and the Auditors' Report on those financial statements before submission to the Board;
(i) Reviews the adequacy of the group's internal controls;
(j) Undertakes 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; and
(k) Undertakes such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference; has full access to and cooperation from Management and has full discretion to invite any director and executive officer to attend its meetings; and has given reasonable resources to enable it to discharge its functions properly.

In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements, the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

**Provisions** **Corporate Governance Practices of the Company**

The amount of audit and non-audit fees paid to the external auditors in FY2019 was S$238,000 and S$38,000 respectively. The AC has reviewed the non-audit services (tax compliance and sustainability reporting compliance services) provided by the external auditors to the Group in FY2019 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.

Save for the fees paid for audit engagement, the non-audit services provided by the Company's external auditors, KPMG LLP are immaterial and would not affect the independence of the auditors. The AC has recommended and the Board has approved the re-appointment of KPMG LLP as external auditors at the forthcoming AGM. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

The Group has in place, a Whistle-Blowing Policy where employees of the Group can raise concerns about improprieties. Such a policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals and / or concerns about possible improprieties in financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. Details of the whistle-blowing policies and arrangements have been made available to all employees. As at to date, no reports of fraudulent or inappropriate activities and malpractices has been received.

The AC has full access to and full co-operation of the Management and external auditors. It also has the full discretion to invite any Director or executive officer to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference.

**Summary of AC's activities in FY2019**

During the year, the AC:-

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

(ii) reviewed the key areas of Management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

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

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

(v) reviewed non-audit fees and whether the provision of such services affects their independence;

(vi) reviewed the appointment of a different auditor for its subsidiaries (if any);

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

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

| Provisions | Corporate Governance Practices of the Company |
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(ix) reviewed interested party transaction; and

(x) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.

**Financial Reporting Matters**

The role of the AC in relation to financial reporting is to monitor the integrity of the quarterly and full year financial statements and that of any formal announcements relating to the Group's financial performance. For the financial year under review, the AC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

In the review of the financial statements, the AC has discussed with management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with management and the external auditor and were reviewed by the AC:

| Key Audit Matters | How these issues addressed by the AC |
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| Valuation of investment properties – \$131.3 million (73% of Group's total assets) | The AC evaluated the qualifications and competence of the valuers, and considered the valuation methodologies applied by the valuers.<br><br>The AC also held discussions with management and the external auditor to review the appropriateness of key assumptions applied (prices per square foot).<br><br>As a result of the above procedures, the AC agrees with management that the valuers are objective and competent, the valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of comparable market data. |
| Going concern basis of preparation | The AC reviewed management's assessment of the Group's ability to continue as going concern. In making this assessment, management considered the sources of liquidity and funding available to the Group, which include proceeds from disposal of certain investment properties, cash inflows from operating activities, existing banking facilities and continued financial support from the Company's major shareholder.<br><br>Factors affecting the sources of liquidity and funding available to the Group, together with cash flows forecasts of the Group, were provided by management to the AC. The AC had considered the factors and held discussions with management and the external auditor to review management's assessment of the Group's ability to continue as a going concern.<br><br>As a result of the above procedures, the AC agrees that management's assessment of the sources of liquidity and funding to support the going concern basis of accounting in the preparation of financial statements to be reasonable and disclosure to the financial statements is adequate. |

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| **Rule 1207(6), Rules 712 and 715 and/or Rule 716 of the SGX-ST Listing Manual** | The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and significant associated companies and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 7 "Subsidiaries" of the Notes to the Financial Statements for subsidiaries audited by different auditors.<br><br>In appointing the audit firms for the Company, its subsidiaries and significant associated companies, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716. |
| **Provisions** | **Corporate Governance Practices of the Company** |
| 10.2 | The AC, regulated by a set of written terms of reference, comprises three members, all of whom are non-executive directors and the majority of whom, including the AC Chairman, are independent. The names of the members of the AC are disclosed in **Table 2**. The AC has three members namely Mr Tan Kok Hiang, Mr Samuel Poon Hon Thang and Mr Lai Poh Huen, who have accounting or related financial management expertise or experience. |
| 10.3 | None of the AC members were previous partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation. |
| 10.4 | The internal audit function of the Group was outsourced to an audit/accounting firm, Nexia TS Risk Advisory Pte Ltd. The Internal Auditors ("IA") reported directly and independently to the AC. The internal audit was performed independently with professional care and in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA also has full and unfettered access to all the Group's documents, records, properties and personnel, including the AC.<br><br>The AC was responsible in evaluating, selecting and approving the appointment of the IA, as well as evaluating the service delivery, performance and compensation of the internal audit function. The IA has confirmed that it is a member of the Institute of Internal Auditors Singapore ("IIA") and the profiles of the team members were in line with recommended standards by the IIA. The AC is satisfied that the internal audit function is adequately resourced and staffed with suitably qualified and experienced professionals with the relevant experience.<br><br>The Board recognized that it is important to maintain a system of internal controls to safeguard shareholders' investments and the Group's businesses and assets, while the management is responsible for establishing and implementing effective internal control procedures. The role of IA is to assist the Audit Committee ("AC") in ensuring that controls are properly in place, effective and functioning as intended.<br><br>On an annual basis, the internal auditor prepares and executes a risk-based audit plan, which complements that of the external auditors, so as to review the adequacy and effectiveness of the Group's financial, operational, compliance and information technology controls, and risk management. IA will follow up on all recommendations to ensure management has implemented them on a timely and appropriate manner and reports the results to the AC.<br><br>In addition, the external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All internal and external audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings.<br><br>The AC meets annually with the external auditors without the presence of Management to review any matters that might be raised. Where warranted, the AC shall meet with the internal auditors without the presence of Management to review any matters that must be raised. |

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

| **Provisions** | **Corporate Governance Practices of the Company** |
|---|---|
| 11.1 | All shareholders of the Company receive the Annual Report and notice of Annual General Meeting ("AGM") within the mandatory notice period. Shareholders are encouraged to participate at the Company's general meetings. Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy in accordance to the Constitution. The Constitution of the Company allows each shareholder to appoint up to two proxies to attend AGMs. The Company allows relevant intermediaries such as the Central Provident Fund Board or corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such bodies can attend and participate in general meetings as proxies.<br><br>In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET. |
| 11.2 | Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. |
| 11.3 | All directors (including the Chairpersons of the AC, NC and RC) are present and available to address shareholders' questions. In addition, the Company's external auditors, KPMG LLP have also been invited to attend the AGM to assist the directors in addressing the shareholders' queries relating to the conduct of the audit and the preparation and content of the Auditors' Report.<br><br>All directors attended the Company's AGM duly held on 25 April 2019. A record of the directors' attendance at AGM is set out in **Table 1**. |
| 11.4 | Under the Company's Constitution and pursuant to the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies to attend AGMs and any other general meeting. A registered shareholder who is not a relevant intermediary may appoint up to two proxies. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other issues are satisfactorily resolved. Accordingly, the Company's Constitution does not currently expressly provide for such absentia voting methods at general meetings of shareholders. |
| 11.5 | Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings. The Company does not publish minutes of general meetings of shareholders on its corporate website nor via SGXNET. The Company is of the view that minutes of general meeting is an internal document and can only be made available to the shareholders of the Company but not to the public at large. Shareholders of the Company, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of the minutes of general meetings upon request in accordance with the statutory requirement under Section 189 of the Companies Act. |

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| 11.6 | The Company does not have a dividend policy based on payout ratio. As the Company has registered current year and accumulated losses as at 31 December 2019 and its current priority is to perserve its cash to pursue strategic business planning and activities in order to achieve long-term capital growth for the benefit of shareholders, no dividend has been proposed for FY2019. The Board will continue to monitor the financial position of the Company and will propose dividends at the appropriate time to the best interest of the shareholders. |

**ENGAGEMENT WITH SHAREHOLDERS**

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

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| 12.1 | The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group. |
| 12.2 | The Company has not put in place an investor relations policy to promote regular and proactive communication with shareholders. The Company will review such need going forward. |
| 12.3 | The Company is in regular communication with shareholders. It does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group. Price-sensitive information are disclosed in a timely manner and quarterly and full year financial results are released to the public through SGXNet in accordance with the requirements of SGX-ST which are available on SGX website and the Company's website – www.enviro-hub.com |

**MANAGING STAKEHOLDERS RELATIONSHIPS**

**Engagement with Stakeholders**

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

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| 13.1 | The Company has appropriate channels in place to identify and engage with its key stakeholder groups. The Company recognizes the importance of understanding the Group's businesses and regular interactions with key stakeholders to determine material issues for the Group's businesses. |
| 13.2 | The Company embarked on a stakeholder engagement exercise with investors and shareholders, employees, customers and Government and Regulators in FY2019 for its sustainability reporting. The objective was for the Company to identify new opportunities and to manage risks associated with each stakeholder group. Feedback from all stakeholder groups was solicited through open dialogues on a regular basis. Internal stakeholder workshops for account-drivers and overseas markets were also organized to gather more in-depth views to enhance the Company's sustainability reporting. |

| Provisions | Corporate Governance Practices of the Company |
|---|---|
| 13.3 | The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" on Page 5 of the FY2019 Sustainability Report.<br><br>The Company provides timely and informative updates relating to company announcements quarterly financial results announcements and news releases on its corporate website. Moving forward, the Company will include more details on its management of stakeholder relationships during the reporting period, including best practices for compliance. |

**Rule 1207(19) of the SGX-ST Listing Manual**

**DEALING IN SECURITIES (CODE OF DEALINGS IN SECURITIES)**

An internal code on dealing in securities of the Company has been issued to directors and officers setting out the implications on insider trading. All directors and officers are not allowed to deal in the Company's shares within two weeks and one month of the announcement of the Company's quarterly and full year results respectively. Reminders are sent to the directors and officers prior to the window periods.

The directors and officers are not expected to deal in the Company's securities on considerations of a short-term nature. Directors and officers are required to observe insider trading provisions under the Securities & Futures Act (Chapter 289) at all times when dealing in the Company's securities. Directors of the Company are required to report all dealings to the Company Secretary.

**Rule 1207(8) of the SGX-ST Listing Rules**

**MATERIAL CONTRACTS**

Save for the following agreements entered into with Mr Raymond Ng Ah Hua, the Executive Chairman and a controlling shareholder of the Company, or his associates, which was still subsisting as at the end of FY2019, there were no other material contracts involving the interest of the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year under review or entered into during the financial year under review:-

1. a service agreement dated 1 March 2017 was entered into between the Company and Mr Raymond Ng Ah Hua in relation to his employment with the Company; and

2. the joint venture agreement ("EHP JVA") dated as of 21 June 2013 entered into between the Company, BS Capital Pte. Ltd. ("BS Capital") and EH Property & Investments Pte. Ltd. ("EH Property"), as amended or supplemented from time to time, in relation to a joint venture between the Company and BS Capital to jointly carry on the business of property development, investment and management through EH Property. Under the terms of the EHP JVA, the Company has, inter alia, agreed to make available a shareholder's loan of up to S$60 million to EH Property to fund the joint venture ("EH Property Shareholder's Loan"). Under the terms of the EHP JVA, the EH Property Shareholder's Loan shall be interest-free, unsecured and repayable at such time as the parties may agree in writing in accordance with the terms and conditions of the EHP JVA. Further details on this joint venture and the EH Property Shareholder's Loan were set out in, inter alia, the Company's circular to shareholders dated 29 August 2013 and the Company's announcements on the SGXNet dated 25 June 2013, 8 July 2013 and 24 February 2014. Please also refer to the section entitled "Interested Person Transactions ("IPTs")" below for further details on the EH Property Shareholder's Loan.

**Rule 1207(17) of the SGX-ST Listing Manual**

**INTERESTED PERSON TRANSACTION ("IPT")**

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The aggregate value of interested person transactions entered into during the financial year under review are as follows:-

| Name of interested person | Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions conducted under Shareholders' Mandate pursuant to Rule 920) | Aggregate value of all Interested Person Transactions conducted under Shareholders' Mandate pursuant to Rule 920 |
|---|---|---|
| EH Property & Investments Pte Ltd | Shareholder's loan – $1,127,308 (note 1) | – |
| BS Pantech Pte Ltd | Warehouse and office rental – $45,879 (note 2) | – |

**Notes**

(1) The Company has an existing obligation to fund the joint venture entered into between the Company and BS Capital Pte. Ltd. in relation to EH Property & Investments Pte. Ltd. ("EH Property") by way of shareholder's loan ("EH Property Shareholder's Loan"). Details of the joint venture and the EH Property Shareholder's Loan were set out in the Company's circular to shareholders dated 29 August 2013 and the Company's announcements on the SGXNET dated 25 June 2013, 8 July 2013 and 24 February 2014. As at financial year ended 31 December 2019, the Company has disbursed an aggregate amount of S$15,311,041 to EH Property pursuant to the EH Property Shareholder's Loan.

(2) The subsidiary of the Company, Cimelia Resource Recovery Pte. Ltd., has entered into an tenancy agreement with BS Pantech Pte. Ltd. for rental of warehouse and office at 200 Pandan Loop, Pantech 21, commence from May 2017. In January 2019, BS Pantech Pte. Ltd. has disposed its property, Pantech 21, to a third party. Subsequent to the disposal, this rental no longer classified under IPT.

**Rule 711A – 711B of the SGX-ST Listing Rules**

**SUSTAINABILITY REPORTING**

Enviro-Hub continues to play its part in contributing to a smart nation and a low waste economy, through inspiring the landscape with iconic property developments and restoring resources with technology and solutions. We believe that the effective management of environmental, social and governance (ESG) risks and opportunities can help us to deliver long-term value to our stakeholders.

Enviro-Hub intends to publish its FY2019 Sustainability Report (the "SR"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, by May 2020. This SR will be publicly accessible through Enviro-Hub's website as well as on SGXNet.

**TABLE 1 – ATTENDANCE AT BOARD, BOARD COMMITTEES AND ANNUAL GENERAL MEETINGS FOR FY2019**

| | Board of Directors | | Nominating Committee | | Audit Committee | | Remuneration Committee | | AGM | Attendance | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Meetings | | | | | | | | | | |
| Directors | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Attended | Total | % |
| Raymond Ng Ah Hua | 4 | 4 | 1 | 1 | 4 | 4 | 1 | 1 | 1 | 11/11 | 100% |
| Tan Kok Hiang | 4 | 4 | 1 | 1 | 4 | 4 | 1 | 1 | 1 | 11/11 | 100% |
| Samuel Poon Hon Thang | 4 | 4 | 1 | 1 | 4 | 4 | 1 | 1 | 1 | 11/11 | 100% |
| Lai Huen Poh | 4 | 4 | 1 | 1 | 4 | 4 | 1 | 1 | 1 | 11/11 | 100% |

**TABLE 2 – BOARD AND BOARD COMMITTEES**

| | Board | Nominating Committee | Audit Committee | Remuneration Committee |
|---|---|---|---|---|
| **Non-Independent Directors** | | | | |
| Raymond Ng Ah Hua (Executive) | Chairman | Member | – | – |
| Lai Huen Poh (Non-Executive) | Member | – | Member | Member |
| **Independent Non-Executive Directors** | | | | |
| Samuel Poon Hon Thang (also Lead Independent Director) | Member | Chairman | Member | Member |
| Tan Kok Hiang | Member | Member | Chairman | Chairman |

### TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION AND THEIR DIRECTORSHIPS/ PRINCIPAL COMMITMENTS

| Name of Director | Age | Date of initial appointment | Date of last re-election | Present directorships in listed companies | Past (preceding 5 years) directorships in listed companies | Principal Commitments |
|---|---|---|---|---|---|---|
| Raymond Ng Ah Hua | 55 | 28/10/2004 | 25/04/2019 | Enviro-Hub Holdings Ltd | – | Full time employment with the Group |
| Tan Kok Hiang | 69 | 21/05/1999 | 25/04/2019 | 1. Enviro-Hub Holdings Ltd<br>2. LHT Holdings Ltd<br>3. Transit-Mixed Concrete Ltd<br>4. ICP Limited | – | – |
| Samuel Poon Hon Thang | 70 | 26/09/2006 | 24/04/2018 | 1. Enviro-Hub Holdings Ltd<br>2. Soilbuild Construction Group Ltd<br>3. UOL Group Limited | * | – |
| Lai Huen Poh | 65 | 27/05/2008 | 27/04/2017 | Enviro-Hub Holdings Ltd | – | SJ architecture |

* JP Nelson Holdings Ltd (Listed on Taiwan Gretai Securities Market) (Till June 2016)

### TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2019 is set out below:-

| | | Breakdown of Remuneration in Percentage (%) | | | | | Actual Total Remuneration in Compensation Bands of $100,000 |
|---|---|---|---|---|---|---|---|
| Name of Directors | Position | Director's Fee | Salary | Bonus | Other Benefits | Total | |
| Raymond Ng Ah Hua | ED | * | 90% | 7% | 3% | 100% | 700,001 – 800,000 |
| Tan Kok Hiang | NEID | 100% | – | – | – | 100% | <100,000 |
| Samuel Poon Hon Thang | NEID | 100% | – | – | – | 100% | <100,000 |
| Lai Huen Poh | NED | 100% | – | – | – | 100% | <100,000 |
| **The Aggregate Total Remuneration (S$'000) of Directors** | | S$136,000 | S$696,000 | S$58,000 | S$21,381 | S$911,381 | |
| | | 15% | 76% | 6% | 3% | 100% | |

**Notes:-**
ED: Executive Director
NEID: Non-Executive Independent Director
NED: Non-Executive Director

* Nominal amount < 0.01%

### TABLE 4A – REMUNERATION OF TOP KEY MANAGEMENT PERSONNEL

The breakdown of total remuneration of the top key management personnel of the Group (who are not directors) for the year ended 31 December 2019 is set out below:-

| | | Breakdown of Remuneration in Percentage (%) | | | | Actual Total Remuneration in Compensation Bands of $100,000 |
|---|---|---|---|---|---|---|
| Name of Key Management Personnel | Position | Salary | Bonus | Other Benefits | Total | |
| Tan Lay Mai | CFO/SD | 88% | 7% | 5% | 100% | 400,001 – 500,000 |
| Jerry Ng Boon Song | SD | 79% | 6% | 15% | 100% | 100,001 – 200,000 |
| Aung Naing Moe | SD | 68% | 6% | 26% | 100% | 100,001 – 200,000 |
| Lim Kheng Boon | SD | 77% | 6% | 17% | 100% | <100,000 |
| **The Aggregate Total Remuneration (S$'000) of Key Management Personnel** | | S$618,120 | S$49,610 | S$81,409 | S$749,139 | |
| | | 83% | 6% | 11% | 100% | |

**Legends:-**
Salary: Fixed pay comprises basic salary and director's fee from subsidiary.
Bonus: Bonus is paid based on the Company and individual's performance.
Other Benefits: Transport benefits and the Company's contribution towards the Singapore Central Provident Fund where applicable.

**Notes:-**
SD: Subsidiaries' Director
CFO: Chief Financial Officer

# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 42 to 119 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 year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

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

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

## DIRECTORS

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

Ng Ah Hua
Lai Huen Poh
Samuel Poon Hon Thang
Tan Kok Hiang

## DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

| Name of director and corporation in which interests are held | Holdings at beginning of the year | Holdings at end of the year |
|---|---|---|
| **Enviro-Hub Holdings Ltd.** | | |
| **Ordinary shares** | | |
| Ng Ah Hua | 417,065,464 | 418,172,864 |
| Tan Kok Hiang | 2,216,666 | 2,216,666 |
| Samuel Poon Hon Thang | 923,333 | 923,333 |
| Lai Huen Poh | 3,681,108 | 3,681,108 |

By virtue of Section 7 of the Act, Mr Ng Ah Hua is deemed to have interests in all other subsidiaries of the Company at the beginning and at the end of the financial year.

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 of related corporations, either at the beginning of the financial year or at the end of the financial year.

**DIRECTORS' INTERESTS (CONTINUED)**

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed under the "Enviro-Hub Share Award Scheme" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in note 26 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**ENVIRO-HUB SHARE AWARD SCHEME**

The Enviro-Hub Share Award Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 22 November 2012. The Scheme is administered by the Remuneration Committee, comprising Mr Tan Kok Hiang (Chairman), Mr Samuel Poon Hon Thang and Mr Lai Huen Poh.

Scheme participants (Scheme Participants) will receive fully-paid ordinary shares of the Company free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets are met within a prescribed performance period determined at the absolute discretion of the Remuneration Committee. Performance targets set under the Scheme are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per share and return on investment.

The selection of a Scheme Participant and the number of shares which are the subject of each share award (the Award) to be granted to a Scheme Participant in accordance with the Scheme shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.

Other information regarding the Scheme is set out below:

**(a) Rationale**

The Scheme operates to attract, retain and provide incentive to Scheme Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Scheme Participants generally to contribute towards the Company's long-term prosperity.

**(b) Eligibility**

The Scheme allows for participation by full-time employees of the Group (including Group Executive Directors) and Non-Executive Directors who have attained the age of 21 years and above on or before the relevant date of Award provided that none shall be an undischarged bankrupt or have entered into any compositions with their respective creditors, and who, in the absolute discretion of the Remuneration Committee, will be eligible to participate in the Scheme.

**ENVIRO-HUB SHARE AWARD SCHEME (CONTINUED)**

**(b) Eligibility (continued)**

Persons who are Controlling Shareholders or associates of a Controlling Shareholder are also eligible to participate in the Scheme provided that the participation by such person and the actual number of Awards granted under the Scheme to such Participant who is a Controlling Shareholder or an associate of a Controlling Shareholder shall be approved by the independent Shareholders in a separate resolution for each such person subject to the following:

(i) the aggregate of the number of Shares comprised in Awards granted to Controlling Shareholders or associates of a Controlling Shareholder under the Scheme shall not exceed twenty-five per cent (25%) of the aggregate of the total number of Shares (comprised in Awards) which may be granted under the Scheme; and

(ii) the aggregate of the number of Shares in respect of Awards granted to each Controlling Shareholder or associates of a Controlling Shareholder shall not exceed ten per cent (10%) of the total number of Shares (comprised in Awards) which may be granted under the Scheme.

Subject to the Act and any requirement of the Singapore Exchange Securities Trading Limited (SGX-ST), the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Remuneration Committee.

**(c) Duration of the Scheme**

The Scheme shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date the Scheme is adopted by the Company in general meeting, provided always that the Scheme may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Scheme, any Awards made to Scheme Participants prior to such expiry or termination will continue to remain valid.

**(d) Size of the Scheme**

The aggregate number of Award shares (comprising new shares and/or treasury shares) to be delivered pursuant to Awards granted on any date, when added to the number of new shares issued and issuable and the number of treasury shares delivered, in respect of all other share schemes of the Company for the time being in force (if any) shall not exceed fifteen per cent (15%) of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of the Award. The number of existing shares which may be purchased from the market for delivery upon vesting of the Awards granted under the Scheme, will not be subject to any limit. Alternatively, the Company may make a release of Awards in cash instead of shares and Scheme Participants entitled to such Awards will receive in lieu of shares, the aggregate market value of such Shares. Such methods will not be subject to any limit as they do not involve the issue of any new shares or the transfer of any treasury shares.

Details of the Awards granted, vested and cancelled during the financial year, and Awards outstanding as at the end of the financial year, were as follows:

| | Balance as at 1 January 2019 | Share awards granted | Share awards vested | Share awards cancelled | Balance as at 31 December 2019 |
|---|---|---|---|---|---|
| **Group Executive Chairman** | | | | | |
| Mr Ng Ah Hua | 8,168,918 | – | – | – | 8,168,918 |

**ENVIRO-HUB SHARE AWARD SCHEME (CONTINUED)**

Since the commencement of the Scheme to the date of this statement, Awards comprising 15,814,862 ordinary shares were granted to the Company's directors.

Awards comprising 5,445,944 ordinary shares were entitled to Mr Ng Ah Hua under the Scheme for the financial years ended 31 December 2013 and 2014 were allotted on 11 April 2018.

Awards comprising 2,200,000 ordinary shares were entitled to the Company's Non-Executive Directors under the Scheme for the financial year ended 31 December 2015, of which 1,650,000 ordinary shares were allotted to 3 Non-Executive Directors on 11 April 2018. In addition, the remaining 550,000 ordinary shares award was cancelled as a result of resignation of a director in 2016.

As at 31 December 2019, other than disclosed above, no other Scheme Participant has been granted Awards under the Scheme, in aggregate, represents five per cent (5%) or more of the aggregate of the total number of new shares and/or treasury shares available under the Scheme.

**SHARE OPTIONS**

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries.

**AUDIT COMMITTEE**

The members of the Audit Committee during the year and at the date of this statement are:

- Tan Kok Hiang (Chairman), independent director
- Samuel Poon Hon Thang, independent director
- Lai Huen Poh, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

**AUDIT COMMITTEE (CONTINUED)**

The Audit Committee also reviewed the following:

- assistance provided by the Group's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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 the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

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

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

**AUDITORS**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Ng Ah Hua**
*Director*

**Tan Kok Hiang**
*Director*

25 March 2020

# INDEPENDENT AUDITORS' REPORT

Members of the Company
Enviro-Hub Holdings Ltd.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

*Opinion*

We have audited the financial statements of Enviro-Hub Holdings Ltd. (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 profit or loss and other 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, as set out on pages 42 to 119.

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

*Basis for opinion*

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

*Key audit matters*

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

**Valuation of investment properties** – $131.3 million
Refer to Note 6 and Note 29 to the financial statements.

| *The key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| The Group owns a portfolio of investment properties, comprising multiple strata units of the Lam Soon Industrial Building, which are leased to third parties under operating leases. Investment properties represent the largest category of assets on the consolidated statement of financial position of the Group.<br><br>These investment properties are stated at fair values based on independent external valuations, using the market comparison approach.<br><br>The valuations are sensitive to the choice of valuation methodology and key assumptions applied; where a change in the assumptions can have a significant impact to the valuation. | We evaluated the qualifications, objectivity and competency of the external valuer and held discussions with the valuer to understand the valuation method and assumptions and basis used.<br><br>We evaluated the appropriateness of key assumptions applied, including the price per square foot applied by comparing against recent transactions and available industry data, taking into consideration comparability and market factors.<br><br>We also considered the adequacy of the disclosures in the financial statements, in describing the key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values. |

*Our findings*
The valuer is a member of generally-recognised professional bodies for valuers and has considered his own objectivity and independence in carrying out the work. The valuation methodology used is in line with generally accepted market practices and the key assumptions used are within the range of comparable market data. The disclosures in the financial statements are appropriate.

| **Going concern basis of preparation**<br>Refer to Note 28 to the financial statements – liquidity risk. | |
|---|---|
| *The key audit matter* | *How the matter was addressed in our audit* |
| The Group's net current assets as at 31 December 2019 was $1,619,000, a decrease from prior year balance of $3,175,000. In addition, the Group has loans and borrowings of $6,696,000 and trade and other payables of $10,161,000 due within 12 months from 31 December 2019.<br><br>Notwithstanding the above, the financial statements have been prepared on a going concern basis because management, having assessed the sources of liquidity and funding available to the Group, believes that the Group can continue as a going concern for the foreseeable future.<br><br>In assessing the appropriateness of the use of going concern basis of accounting in the preparation of the financial statements, the Group is expected to meet its liquidity requirement with the proceeds from disposal of certain investment properties, cash inflows from operating activities, existing banking facilities and continued financial support from the Company's major shareholder. | We have evaluated management's assessment of the Group's ability to continue as a going concern, relying on the sources of liquidity and funding available to the Group, and have also reviewed the Group's compliance to the loan covenants.<br><br>We evaluated the cash flows forecasts prepared by management, for the next 12 months from the date of the financial statements and assessed the reasonableness of the assumptions used. We challenged the appropriateness of the key assumptions used by management comprising the Group's forecasts of revenue, gross profit margin and planned disposal of its investment properties.<br><br>We obtained a letter of financial support from the Company's major shareholder to the Group, confirming in writing his continued financial support to the Group for at least the next 12 months from the date of the financial statements. We have also assessed the major shareholder's financial ability in providing the financial support required by the Group.<br><br>We considered the adequacy of the required disclosures in the financial statements. |
| *Our findings*<br>Based on our audit procedures on the going concern assessment prepared by management, we concur with management's assessment of the going concern basis used in the preparation of the Group's financial statements. | |

*Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the other information prior to the date of this auditors' report.

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

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

*Responsibilities of management and directors for the financial statements*

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

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

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

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

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Chiang Yong Torng.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
25 March 2020

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

| | Note | Group 2019 $'000 | Group 2018 $'000 | Company 2019 $'000 | Company 2018 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 30,961 | 15,834 | 126 | 105 |
| Intangible assets | 5 | – | – | – | – |
| Investment properties | 6 | 131,300 | 134,700 | – | – |
| Subsidiaries | 7 | – | – | 47,804 | 46,676 |
| Trade and other receivables | 9 | 245 | 10 | – | – |
| | | 162,506 | 150,544 | 47,930 | 46,781 |
| **Current assets** | | | | | |
| Assets held for sale | 12 | 3,442 | 1,350 | – | – |
| Inventories | 10 | 2,389 | 2,087 | – | – |
| Trade and other receivables | 9 | 7,660 | 9,061 | 11,571 | 9,775 |
| Cash and cash equivalents | 11 | 5,015 | 5,376 | 79 | 493 |
| | | 18,506 | 17,874 | 11,650 | 10,268 |
| **Total assets** | | 181,012 | 168,418 | 59,580 | 57,049 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 13 | 96,158 | 96,158 | 96,158 | 96,158 |
| Foreign currency translation reserve | 14 | 391 | 354 | – | – |
| Other reserve | 15 | (6,852) | (6,852) | – | – |
| Accumulated losses | | (41,128) | (41,426) | (61,272) | (59,996) |
| | | 48,569 | 48,234 | 34,886 | 36,162 |
| Non-controlling interests | 16 | (4,012) | (4,675) | – | – |
| **Total equity** | | 44,557 | 43,559 | 34,886 | 36,162 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 17 | 99,307 | 93,983 | 17 | – |
| Trade and other payables | 18 | 20,261 | 16,177 | 3,036 | – |
| | | 119,568 | 110,160 | 3,053 | – |
| **Current liabilities** | | | | | |
| Loans and borrowings | 17 | 6,696 | 4,111 | 12 | – |
| Trade and other payables | 18 | 10,161 | 10,545 | 21,629 | 20,887 |
| Current tax payable | | 30 | 43 | – | – |
| | | 16,887 | 14,699 | 21,641 | 20,887 |
| **Total liabilities** | | 136,455 | 124,859 | 24,694 | 20,887 |
| **Total equity and liabilities** | | 181,012 | 168,418 | 59,580 | 57,049 |

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

# CONSOLIDATED STATEMENT OF
# PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

| | Note | Group 2019 $'000 | Group 2018 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 19 | 34,196 | 26,248 |
| Cost of sales | | (27,334) | (20,124) |
| **Gross profit** | | 6,862 | 6,124 |
| Other income | 20 | 4,199 | 6,744 |
| Selling and distribution expenses | | (2,833) | (2,133) |
| General and administrative expenses | | (3,680) | (3,958) |
| Allowance for impairment loss on trade and other receivables | | (36) | (93) |
| Other operating expenses | 21 | (352) | (106) |
| **Results from operating activities** | | 4,160 | 6,578 |
| Finance income | 22 | 13 | 19 |
| Finance costs | 22 | (3,286) | (2,872) |
| **Net finance costs** | | (3,273) | (2,853) |
| **Profit before taxation** | 23 | 887 | 3,725 |
| Income tax expense | 24 | (45) | (34) |
| **Profit for the year** | | 842 | 3,691 |
| **Other comprehensive income** | | | |
| **Items that are or may be reclassified to profit or loss:** | | | |
| Translation differences relating to financial statements of foreign operations and a subsidiary with functional currency in foreign currency | | 156 | 208 |
| **Other comprehensive income for the year** | | 156 | 208 |
| **Total comprehensive income for the year** | | 998 | 3,899 |
| **Profit attributable to:** | | | |
| Owners of the Company | | 298 | 520 |
| Non-controlling interests | | 544 | 3,171 |
| **Profit for the year** | | 842 | 3,691 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 335 | 635 |
| Non-controlling interests | | 663 | 3,264 |
| **Total comprehensive income for the year** | | 998 | 3,899 |
| **Earnings per share:** | | | |
| Basic and diluted (cents) | 25 | 0.03 | 0.05 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

| | Share capital $'000 | Foreign currency translation reserve $'000 | Other reserve $'000 | Accumulated losses $'000 | Total attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2018 | 95,888 | 239 | (6,852) | (35,643) | 53,632 | (10,663) | 42,969 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | – | 520 | 520 | 3,171 | 3,691 |
| **Other comprehensive income** | | | | | | | |
| Translation differences relating to financial statements of foreign operations and a subsidiary with functional currency in foreign currency | – | 115 | – | – | 115 | 93 | 208 |
| **Total other comprehensive income** | – | 115 | – | – | 115 | 93 | 208 |
| **Total comprehensive income for the year** | – | 115 | – | 520 | 635 | 3,264 | 3,899 |
| **Transaction with owners, recognised directly in equity** | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends paid | – | – | – | (3,101) | (3,101) | (198) | (3,299) |
| Share-based payment transactions | 270 | – | – | (280) | (10) | – | (10) |
| Restructuring (see note 7) | – | – | – | (2,922) | (2,922) | 2,922 | – |
| **Total contributions by and distributions to owners** | 270 | – | – | (6,303) | (6,033) | 2,724 | (3,309) |
| At 31 December 2018 | 96,158 | 354 | (6,852) | (41,426) | 48,234 | (4,675) | 43,559 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

| | Share capital $'000 | Foreign currency translation reserve $'000 | Other reserve $'000 | Accumulated losses $'000 | Total attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2019 | 96,158 | 354 | (6,852) | (41,426) | 48,234 | (4,675) | 43,559 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | – | 298 | 298 | 544 | 842 |
| **Other comprehensive income** | | | | | | | |
| Translation differences relating to financial statements of foreign operations and a subsidiary with functional currency in foreign currency | – | 37 | – | – | 37 | 119 | 156 |
| **Total other comprehensive income** | – | 37 | – | – | 37 | 119 | 156 |
| **Total comprehensive income for the year** | – | 37 | – | 298 | 335 | 663 | 998 |
| At 31 December 2019 | 96,158 | 391 | (6,852) | (41,128) | 48,569 | (4,012) | 44,557 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

| | Note | Group 2019 $'000 | Group 2018 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 842 | 3,691 |
| | | | |
| Adjustments for: | | | |
| Allowance for impairment loss on trade and other receivables | | 36 | 93 |
| (Reversal of allowance for)/allowance for write-down of inventories | 10 | (111) | 84 |
| Depreciation of property, plant and equipment | 4 | 2,738 | 2,084 |
| Fair value gain on investment properties | 6 | (3,600) | (6,266) |
| Finance costs | 22 | 3,286 | 2,872 |
| Finance income | 22 | (13) | (19) |
| Gain on disposal of property, plant and equipment | 20 | (9) | (28) |
| Impairment loss on property, plant and equipment | 21 | 12 | – |
| Income tax expense | | 45 | 34 |
| Property, plant and equipment written off | 21 | 294 | 59 |
| Share-based payment transactions | | – | (10) |
| | | 3,520 | 2,594 |
| Changes in working capital: | | | |
| Inventories | | (213) | (910) |
| Trade and other receivables | | 1,150 | 441 |
| Trade and other payables | | (500) | (4,890) |
| Cash generated from/(used in) operating activities | | 3,957 | (2,765) |
| Income taxes paid | | (58) | (26) |
| **Net cash from/(used in) operating activities** | | 3,899 | (2,791) |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (3,126) | (1,128) |
| Interest received | 22 | 13 | 19 |
| Proceeds from disposal of property, plant and equipment | | 112 | 44 |
| Proceeds from disposal of asset held for sale | | 4,909 | 9,710 |
| **Net cash from investing activities** | | 1,908 | 8,645 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

| | Note | 2019<br>$'000 | 2018<br>$'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Dividend paid | | – | (3,299) |
| (Pledging of)/withdrawal of fixed deposits | | (173) | 72 |
| Interest paid | | (3,068) | (2,667) |
| Repayment of non-interest bearing loans to a related party | | – | (3,228) |
| Loans from/(repayment of) non-interest bearing loans to a non-controlling interest | | 1,083 | (1,168) |
| Loans from a shareholder | | 3,000 | – |
| Repayment of lease liabilities | | (561) | (151) |
| Proceed from short-term loans and borrowings | | 718 | – |
| Repayment of long-term loans and borrowings | | (7,330) | (11,265) |
| **Net cash used in financing activities** | | (6,331) | (21,706) |
| | | | |
| **Net decrease in cash and cash equivalents** | | (524) | (15,852) |
| Cash and cash equivalents at 1 January | | 4,042 | 19,860 |
| Effect of exchange rate fluctuations on cash held | | (10) | 34 |
| **Cash and cash equivalents at 31 December** | 11 | 3,508 | 4,042 |

**Non-cash transaction**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $11,580,000 (2018: $1,128,000), of which $111,000 (2018: $73,000) were acquired under finance leases and $8,343,000 (2018: $296,000) were acquired under bank borrowings.

***Reconciliation of liabilities to cash flows arising from financing activities***

The Group's reconciliation of liabilities to cash flows arising from financing activities is disclosed in the following page.

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

# RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Year ended 31 December 2019

| | Cash and cash equivalents (note 11) | Loans and borrowings (note 17) | | Trade and other payables (note 18) | | | |
|---|---|---|---|---|---|---|---|
| | Pledged fixed deposits $'000 | Other loans and borrowings $'000 | Finance lease liabilities $'000 | Non-interest bearing loans due to a related party $'000 | Non-interest bearing loans due to a non-controlling interest $'000 | Other accruals (includes interest expenses) $'000 | Total $'000 |
| **Balance as at 1 January 2018** | (1,406) | 109,132 | 378 | 3,228 | 14,795 | 2,480 | 128,607 |
| **Changes from financing cash flows** | | | | | | | |
| Dividend paid | – | – | – | – | – | (3,299) | (3,299) |
| Withdrawal of fixed deposits | 72 | – | – | – | – | – | 72 |
| Repayment of non-interest bearing loans to a related party | – | – | – | (3,228) | – | – | (3,228) |
| Repayment of non-interest bearing loans to a non-controlling interest | – | – | – | – | (1,168) | – | (1,168) |
| Payment of finance lease liabilities | – | – | (151) | – | – | – | (151) |
| Repayment of long-term loans and borrowings | – | (11,265) | – | – | – | – | (11,265) |
| Interest paid | – | – | – | – | – | (2,667) | (2,667) |
| **Total changes from financing cash flows** | 72 | (11,265) | (151) | (3,228) | (1,168) | (5,966) | (21,706) |
| **Other changes** | | | | | | | |
| Changes in other payables | – | – | – | – | – | 2,323 | 2,323 |
| Interest expenses | – | – | – | – | – | 2,872 | 2,872 |
| **Total liability related other changes** | – | – | – | – | – | 5,195 | 5,195 |
| **Balance as at 31 December 2018** | (1,334) | 97,867 | 227 | – | 13,627 | 1,709 | 112,096 |

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

# RECONCILIATION OF MOVEMENTS OF LIABILITIES
## TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Year ended 31 December 2019

| | Cash and cash equivalents (note 11) | Loans and borrowings (note 17) | | | | Trade and other payables (note 18) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Pledged fixed deposits | Bank overdrafts | Other loans and borrowings | Invoice financing | Lease liabilities | Non-interest bearing loans due to a non-controlling interest | Interest bearing loans due to a shareholder | Other accruals (includes interest expenses) | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2019** | (1,334) | – | 97,867 | – | 227 | 13,627 | – | 1,709 | 112,096 |
| **Changes from financing cash flows** | | | | | | | | | |
| Pledge of fixed deposits | (173) | – | – | – | – | – | – | – | (173) |
| Non-interest bearing loans from a non-controlling interest | – | – | – | – | – | 1,083 | – | – | 1,083 |
| Loans from a shareholder | – | – | – | – | – | – | 3,000 | – | 3,000 |
| Payment of lease liabilities | – | – | – | – | (561) | – | – | – | (561) |
| Replayment of long-term loans and borrowings | – | – | (7,330) | – | – | – | – | – | (7,330) |
| Proceed from short-term loans and borrowings | – | –* | – | 718 | – | – | – | – | 718 |
| Interest paid | – | – | – | – | (192) | – | – | (2,876) | (3,068) |
| **Total changes from financing cash flows** | (173) | –* | (7,330) | 718 | (753) | 1,083 | 3,000 | (2,876) | (6,331) |
| **Other changes** | | | | | | | | | |
| New loans and leases | – | – | 8,343 | – | 6,743 | – | – | – | 15,086 |
| Changes in other payables | – | – | – | – | – | – | – | 54 | 54 |
| Foreign exchange loss | – | – | (4) | – | – | – | – | – | (4) |
| Interest expenses | – | – | – | – | 192 | – | – | 3,094 | 3,286 |
| **Total liability related other changes** | – | – | 8,339 | – | 6,935 | – | – | 3,148 | 18,422 |
| **Balance as at 31 December 2019** | (1,507) | –* | 98,876 | 718 | 6,409 | 14,710 | 3,000 | 1,981 | 124,187 |

* Denotes amount < $1,000

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2020.

## 1 DOMICILE AND ACTIVITIES

Enviro-Hub Holdings Ltd. (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 3 Gul Crescent, Singapore 629519.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interest in equity accounted investee.

The principal activity of the Company is that of an investment holding company. The principal activities of the Group consist of investing in and management of commercial and industrial properties, trading of ferrous and non-ferrous metals, trading of electronic waste (e-waste), e-waste recycling and Platinum Group Metals (PGM) refining, piling and construction works, sale, rental and servicing of engineering hardware, construction machinery and equipment, and investment holding.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise described in the accounting policies below.

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.4 Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – estimation of recoverable amounts of property, plant and equipment
- Note 7 – estimation of recoverable amounts of investment in subsidiaries
- Note 28 – measurement of expected credit loss (ECL) allowance for trade and other receivables
- Note 29 – fair value determination of investment properties

**Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group perform annual review on the significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 29.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

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

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

***Definition of a lease***

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

**As a lessee**

As a lessee, the Group leases many assets including leasehold properties and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement 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 its relative stand-alone price. However, for leases of properties the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.5 Changes in accounting policies (continued)

***Leases classified as operating leases under SFRS(I) 1-17***

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment, the Group applied this approach to all leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases, previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

***Leases classified as finance leases under SFRS(I) 1-17***

The Group leases many assets including leasehold properties and office equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

***As a lessor***

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases two of its properties. Under SFRS(I) 1-17, the head lease and sub-lease contracts were classified as operating leases. On transition to SFRS(I) 16, the right-of-use assets recognised from the head leases are presented in leasehold property, and measured at an amount equal to the lease liability. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under SFRS(I) 16.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.5 Changes in accounting policies (continued)

***Impact on financial statements***

**Impact on transition**

On transition to SFRS(1) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

| | 1 January 2019<br>$'000 |
|---|---|
| Right-of-use assets – property, plant and equipment | 3,792 |
| Lease liabilities | 3,704 |

For the impact of SFRS(I) 16 on profit or loss for the period, see note 32. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.15.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rates at 1 January 2019, ranging from 3.63% to 4.52%.

| | 1 January 2019<br>$'000 |
|---|---|
| Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements | 5,393 |
| Discounted using the incremental borrowing rate at 1 January 2019 | 4,070 |
| Finance lease liabilities recognised as at 31 December 2018 | 227 |
| – Recognition exemption for leases with less than 12 months of lease term | (593) |
| Lease liabilities recognised at 1 January 2019 | 3,704 |

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

The accounting policies have been applied consistently by Group entities.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation

#### *(i) Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

Over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

***(ii) Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

***(iii) Acquisitions from entities under common control***

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

***(iv) Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

***(v) Joint operations***

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

***(vi) Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

***(vii) Subsidiaries in separate financial statements***

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Foreign currency

**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

**Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI"). However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment

**Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Property, plant and equipment under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment (continued)

**Depreciation (continued)**

The estimated useful lives for the current and comparative years are as follows:

| | |
|---|---|
| Leasehold properties | 6 to 24 years |
| Plant and machinery | 3 to 20 years |
| Motor vehicles | 5 to 10 years |
| Furniture and fixtures | 3 to 10 years |
| Office equipment | 3 to 10 years |
| Renovations | 5 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### 3.4 Intangible assets

**Other intangible assets**

Other intangible assets (patented technology) that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

**Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**Amortisation**

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the patented technology of 15 years from the date that it is available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### 3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments

***(i) Recognition and initial measurement***

**Non-derivative financial assets and financial liabilities**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

***(ii) Classification and subsequent measurement***

**Non-derivative financial assets**

On initial recognition, a financial asset is classified as amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments (continued)

#### *(ii) Classification and subsequent measurement (continued)*

**Financial assets: Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments (continued)

#### *(ii) Classification and subsequent measurement (continued)*

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses**

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Non-derivative financial liabilities**

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

#### *(iii) Derecognition*

**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments (continued)

***(iii) Derecognition (continued)***

***Financial liabilities***

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

***(iv) Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

***(v) Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

***(vi) Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

### 3.7 Impairment

**Non-derivative financial assets and contract assets**

The Group recognised loss allowances for expected credit losses ("ECLs") on the following financial assets:

- financial assets measured at amortised cost
- contract assets (as defined in SFRS(I) 15)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment (continued)

***Simplified approach***

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

***General approach***

The Group applied the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment (continued)

***Credit-impaired financial assets***

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions(s) 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.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

***Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, and contract assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment (continued)

***Non-financial assets (continued)***

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, as if no impairment loss had been recognised.

### 3.8 Inventories

**Trading inventories, raw materials and consumables**

Inventories are measured at the lower of cost and net realisable value. The cost of inventory items that are not ordinarily interchangeable (electronic waste and other scraps) is assigned by using specific identification of their individual costs and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

The cost of inventory items that are ordinarily interchangeable (precious group metal, and cathodes and anodes) is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition.

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

### 3.9 Employee benefits

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the periods during which related services are rendered by employees.

**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 or profit-sharing plans 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Employee benefits (continued)

**Share-based payment transactions**

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### 3.10 Assets held for sale

Non-current asset that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### 3.11 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

### 3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Revenue

**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 stand-alone 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 POs.

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.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is recognised at a point in time following the timing of satisfaction of the PO. Invoices are issued upon delivery of goods or the completion of service and are payable within 30 days.

**Construction contracts**

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on pilling services under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a PO can be reasonably measured, construction revenue is recognised over time as each PO is satisfied and when the Group has an enforceable right to payment for performance completed to date. The progress towards the completed satisfaction of each PO is measured using the output method based on direct measurements of the value of services delivered or surveys of work performed.

The likelihood of the Group suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Progress billings to the customer are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

The Group is required to make good any defects identified during the defect liability period, typically for a period of 3 to 6 months, depending on the contractual terms.

**Rental income**

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as 'other income'.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.14 Government grants

Cash grants received from the government are recognised as income upon receipt.

### 3.15 Leases

**When entities within the Group are lessees of a finance lease**

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

**Policy applicable from 1 January 2019**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

***(i) As a lessee***

At commencement 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 its relative stand-alone prices. However, for the leases of properties, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of properties and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the 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 using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Leases (continued)

**Policy applicable from 1 January 2019 (continued)**

***(i) As a lessee (continued)***

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

***Short-term leases and leases of low-value assets***

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***(ii) As a lessor***

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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Leases (continued)

**Policy applicable from 1 January 2019 (continued)**

***(ii) As a lessor (continued)***

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease 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 exemption described above, then it classifies the sub-lease as an operating lease.

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 investment property under operating leases as income on a straight-line basis over the lease term as part of ‘revenue’. Rental income from sub-leased property is recognised as ‘other income’.

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 sub-lease entered into during current reporting period that resulted in a finance lease classification.

**Policy applicable before 1 January 2019**

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Leases (continued)

**Policy applicable from 1 January 2019 (continued)**

***(i) As a lessee***

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

***(ii) As a lessor***

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as 'other income'.

### 3.16 Finance income and finance costs

Finance income comprises interest income on funds deposited with financial institutions and is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of the discount on deferred consideration and payables.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS 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 year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 3.19 Segment reporting

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 Executive Chairman 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 Group's Executive Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, cash and cash equivalents, loans and borrowings, deferred income, corporate expenses, finance costs and income tax expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

### 3.20 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

**Applicable from 1 January 2020**

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)

**Applicable from 1 January 2021**

- SFRS(I) 17 *Insurance Contracts*

## 4 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold properties $'000 | Plant and machinery $'000 | Motor vehicles $'000 | Furniture and fixtures $'000 | Office equipment $'000 | Renovations $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Cost** | | | | | | | | |
| At 1 January 2018 | 16,371 | 32,200 | 1,306 | 144 | 1,708 | 1,216 | 19,950 | 72,895 |
| Additions | – | 219 | 242 | 21 | 24 | 260 | 362 | 1,128 |
| Disposals/write offs | – | (480) | (105) | (15) | (282) | (73) | (435) | (1,390) |
| Effect of movement in exchange rates | – | 133 | 7 | 1 | 10 | 13 | 264 | 428 |
| At 31 December 2018 | 16,371 | 32,072 | 1,450 | 151 | 1,460 | 1,416 | 20,141 | 73,061 |
| At 1 January 2019 | 16,371 | 32,072 | 1,450 | 151 | 1,460 | 1,416 | 20,141 | 73,061 |
| Recognition of right-of-use asset on initial application of SFRS(I) 16 | 3,703 | – | – | – | 89 | – | – | 3,792 |
| Adjusted balance at 1 January 2019 | 20,074 | 32,072 | 1,450 | 151 | 1,549 | 1,416 | 20,141 | 76,853 |
| Additions | 13,313 | 358 | 157 | 13 | 72 | 118 | 485 | 14,516 |
| Disposals/write offs | – | (513) | (66) | (1) | (114) | (320) | – | (1,014) |
| Reclassification | – | 539 | – | – | – | 406 | (945) | – |
| Effect of movement in exchange rates | – | (95) | (5) | (1) | (7) | (11) | (204) | (323) |
| At 31 December 2019 | 33,387 | 32,361 | 1,536 | 162 | 1,500 | 1,609 | 19,477 | 90,032 |

## 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold properties $'000 | Plant and machinery $'000 | Motor vehicles $'000 | Furniture and fixtures $'000 | Office equipment $'000 | Renovations $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Accumulated depreciation and impairment loss** | | | | | | | | |
| At 1 January 2018 | 6,876 | 26,019 | 1,261 | 137 | 1,580 | 646 | 19,543 | 56,062 |
| Depreciation charge for the year | 723 | 1,085 | 69 | 4 | 45 | 158 | – | 2,084 |
| Disposals/write offs | – | (481) | (92) | (10) | (267) | (30) | (435) | (1,315) |
| Effect of movement in exchange rates | – | 128 | 4 | 1 | 9 | 2 | 252 | 396 |
| At 31 December 2018 | 7,599 | 26,751 | 1,242 | 132 | 1,367 | 776 | 19,360 | 57,227 |
| At 1 January 2019 | 7,599 | 26,751 | 1,242 | 132 | 1,367 | 776 | 19,360 | 57,227 |
| Depreciation charge for the year | 1,278 | 1,140 | 78 | 6 | 59 | 177 | – | 2,738 |
| Disposals/write offs | – | (420) | (66) | (1) | (93) | (29) | – | (609) |
| Impairment losses | – | 12 | – | – | – | – | – | 12 |
| Effect of movement in exchange rates | – | (79) | (3) | (1) | (6) | (4) | (204) | (297) |
| At 31 December 2019 | 8,877 | 27,404 | 1,251 | 136 | 1,327 | 920 | 19,156 | 59,071 |
| **Carrying amounts** | | | | | | | | |
| At 1 January 2018 | 9,495 | 6,181 | 45 | 7 | 128 | 570 | 407 | 16,833 |
| At 31 December 2018 | 8,772 | 5,321 | 208 | 19 | 93 | 640 | 781 | 15,834 |
| At 31 December 2019 | 24,510 | 4,957 | 285 | 26 | 173 | 689 | 321 | 30,961 |

## 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Motor vehicles $'000 | Office equipment $'000 | Renovations $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Cost** | | | | |
| At 1 January 2018 | 95 | 319 | 14 | 428 |
| Additions | 75 | 8 | – | 83 |
| Disposals/write offs | – | (4) | – | (4) |
| At 31 December 2018 | 170 | 323 | 14 | 507 |
| At 1 January 2019 | 170 | 323 | 14 | 507 |
| Recognition of right-of-use asset on initial application of SFRS(I) 16 | – | 41 | – | 41 |
| Adjusted balance at 1 January 2019 | 170 | 364 | 14 | 548 |
| Additions | – | 25 | – | 25 |
| Disposals/write offs | – | (28) | (14) | (42) |
| At 31 December 2019 | 170 | 361 | – | 531 |
| **Accumulated depreciation** | | | | |
| At 1 January 2018 | 67 | 307 | 2 | 376 |
| Depreciation charge for the year | 13 | 12 | 5 | 30 |
| Disposals/write offs | – | (4) | – | (4) |
| At 31 December 2018 | 80 | 315 | 7 | 402 |
| At 1 January 2019 | 80 | 315 | 7 | 402 |
| Depreciation charge for the year | 18 | 20 | 4 | 42 |
| Disposals/write offs | – | (28) | (11) | (39) |
| At 31 December 2019 | 98 | 307 | – | 405 |
| **Carrying amounts** | | | | |
| At 1 January 2018 | 28 | 12 | 12 | 52 |
| At 31 December 2018 | 90 | 8 | 7 | 105 |
| At 31 December 2019 | 72 | 54 | – | 126 |

**Leased motor vehicles and machineries**

The Group leases motor vehicles and machineries under a number of finance leases. At 31 December 2018, the net carrying amounts of leased assets were $553,000.

## 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**Security**

At 31 December 2019, various property, plant and equipment of the Group with the following carrying amounts were pledged to secure bank loans and borrowings (see note 17):

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Leasehold properties | 18,364 | 8,772 |
| Plant and machineries | 745 | 300 |
| | 19,109 | 9,072 |

**Impairment of property, plant and equipment**

In 2019, the Group carried out a review of the recoverable amounts of property, plant and equipment. This review led to the recognition of impairment losses of $12,000 (2018: $Nil) arising from the impairment loss of crane and pilling machinery.

The recoverable amounts of the property, plant and equipment is the greater of its value-in-use ("VIU") and its fair value less costs of disposal. The value in use was determined by discounting the expected future cash flows generated from the continuing operating of the cash generating units ("CGU"), based on the 2020 financial budget approved by management.

The approach to determine the recoverable amounts of the CGU is categorised as follows:

- CGUs that are loss making or marginally profitable but are expected to be able to generate economic benefits. The recoverable amounts of the CGUs have been determined based on fair value less costs of disposal of the assets. The fair value less costs of disposal is based on market valuation performed by independent valuers with experience in the location and category of the property, plant and equipment being valued.

- The recoverable amounts of remaining CGU has been determined based on the calculation of their value-in-use derived from management's cash flows projections for these CGUs.

Key assumptions used in the estimation of value-in-use were as follows:

| | 2019 |
|---|---|
| | % |
| Revenue growth rate | 9.0 – 32.0 |
| Discount rate | 11.2 |
| Terminal value growth rate | 1.5 |

The Group considers its asset impairment accounting policy to be a policy that requires extensive applications of judgements and estimates by management.

The forecasted revenue growth rate is estimated based on past performance and the expectations of market developments. The discount rates are a pre-tax measure estimated based on the weighted average cost of capital of comparable companies. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

The fair value measurement is categorised as Level 3 under the fair value hierarchy (see note 2.4). Details of valuation techniques and key inputs for the estimation of the recoverable amounts of CGU based on fair value less cost of disposal:

| Type | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Leasehold properties | Comparison Method of Valuation | Comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, tenure and time of transaction. |
| Crane and pilling machinery | Comparison Method of Valuation | Comparing the machinery with comparable machineries which have been sold or are being offered for sale and making adjustments for factors which affect value such as age, condition, economic or functional obsolescence and environmental factors. |
| | Depreciated Replacement Cost Method | Aggregated amount of gross replacement cost of the machinery from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors. |

## 5 INTANGIBLE ASSETS

| | Patented technology $'000 |
|---|---|
| **Cost** | |
| At 1 January 2018, 31 December 2018 and 31 December 2019 | 4,600 |
| **Accumulated amortisation and impairment loss** | |
| At 1 January 2018, 31 December 2018 and 31 December 2019 | 4,600 |
| **Carrying amounts** | |
| At 1 January 2018, 31 December 2018 and 31 December 2019 | – |

## 6 INVESTMENT PROPERTIES

| | Note | Group 2019 $'000 | Group 2018 $'000 |
|---|---|---|---|
| At 1 January | | 134,700 | 139,350 |
| Change in fair value – fair value gain | 20 | 3,600 | 6,266 |
| Classified as assets held for sale | 12 | (3,442) | (1,350) |
| Disposals of strata units | | (3,558) | (9,566) |
| At 31 December | | 131,300 | 134,700 |

Investment properties comprise a number of industrial properties that are leased to third parties. Generally, each of the leases contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are negotiated with the lessee and on average, the renewal period is 1 to 3 years. No contingent rents are charged.

Changes in fair value are recognised as gain or loss in profit or loss and included in other income or other operating expenses. All gains and losses are unrealised. The fair value measurement of the investment properties is disclosed in note 29.

**Security**

Investment properties are pledged as security to secure bank loans and borrowings (see note 17).

**Amounts recognised in profit or loss**

Rental income recognised by the Group during 2019 was $2,707,000 (2018: $3,320,000) and were included in 'revenue' (see note 19). Direct operating expenses of $1,182,000 (2018: $1,273,000) were included in cost of sales.

## 7 SUBSIDIARIES

| | Company 2019 $'000 | Company 2018 $'000 |
|---|---|---|
| Unquoted equity shares, at cost | 221,871 | 221,871 |
| Impairment loss | (189,378) | (189,378) |
| | 32,493 | 32,493 |
| Loans to a subsidiary | 15,311 | 14,183 |
| | 47,804 | 46,676 |

**Impairment loss**

The Company evaluates, amongst other factors, the future profitability of the subsidiary and its financial health and near term business outlook, including factors such as industry and sector performance, changes in technology and operational and financial cash flows, to assess the recoverable amounts of its investments of its subsidiaries. The recoverable amount of the subsidiary could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

Differences between the actual performance of the subsidiaries and management's annual impairment review will affect the results of the period in which such differences are determined. An increase in impairment loss will increase other operating expenses and decrease non-current assets.

## 7 SUBSIDIARIES (CONTINUED)

The movement in impairment loss in respect of investments in subsidiaries during the year was as follows:

| | Company | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| At 1 January | 189,378 | 167,704 |
| Impairment loss | – | 21,674 |
| At 31 December | 189,378 | 189,378 |

In 2018, the Company has forgiven $21,674,000 of debts from Enviro-Power Pte Ltd. This is recognised as an increase in the cost of investments of the subsidiary. In addition, due to continued delay in commencement of operation in Enviro-Power Pte Ltd, the Company determined that the recoverable amount was lower than the carrying value and consequently, impairment loss of $21,674,000 was recognised in the Company's profit and loss during the year.

Loans to a subsidiary form part of the Company's net investments in this subsidiary. The loans are interest free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. These amounts are in substance capital contributions by the Company. Accordingly, these loans are stated at cost less accumulated impairment losses. Upon adoption of SFRS(I) 9, these balances are reclassified from loan and receivables to interest in subsidiaries.

Details of subsidiaries are as follows:

| Name of subsidiaries | Principal activities | Country of incorporation | Effective equity interest held by the Group 2019 % | Effective equity interest held by the Group 2018 % |
|---|---|---|---|---|
| Cimelia Resource Recovery Pte Ltd[1] | E-waste recycling and PGM refining | Singapore | 100 | 100 |
| EH Property & Investments Pte Ltd[1] | Investment holding | Singapore | 51 | 51 |
| Enviro-Metals Pte Ltd[1,2] | Recovery and processing of ferrous and non-ferrous metals and rental, servicing and sale of machinery and equipment | Singapore | 100 | 100 |
| Enviro Investments Pte Ltd[2] | Investment holding | Singapore | 100 | 100 |
| Enviro-Power Pte Ltd[1,4] | Converting plastics to fuel and investment holding | Singapore | 39 | 39 |
| Enviro Property Pte Ltd[1,5] | Property holding | Singapore | 100 | 100 |
| HLS Environmental Pte Ltd[1] (formerly known as HLS Electronics Pte Ltd) | Recycling and trading of e-waste | Singapore | 80.25 | 80.25 |
| Leong Hin Piling (Pte.) Limited[1] | Piling contractor | Singapore | 100 | 100 |

## 7 SUBSIDIARIES (CONTINUED)

| Name of subsidiaries | Principal activities | Country of incorporation | Effective equity interest held by the Group 2019 % | 2018 % |
|---|---|---|---|---|
| **Held by Enviro-Power Pte Ltd** | | | | |
| Enviro Restorer S R L[2,3,4] | Converting plastics to fuel | Italy | 39 | 39 |
| **Held by Leong Hin Piling (Pte.) Limited** | | | | |
| Leong Hin Builders Pte Ltd[1] | Building and construction related engineering and technical services | Singapore | 100 | 100 |
| **Held by EH Property & Investments Pte Ltd** | | | | |
| EH Property Management Pte Ltd[1] | Commercial and industrial real estate management | Singapore | 51 | 51 |
| QF Properties Pte Ltd[1] | Investment holding | Singapore | 51 | 51 |
| **Held by QF Properties Pte Ltd** | | | | |
| QF 1 Pte Ltd[1] | Real estate activities with own or leased property | Singapore | 51 | 51 |
| QF 3 Pte Ltd[1] | Real estate activities with own or leased property | Singapore | 51 | 51 |
| QF 4 Pte Ltd[1] | Real estate activities with own or leased property | Singapore | 51 | 51 |
| QF 7 Pte Ltd[1] | Real estate activities with own or leased property | Singapore | 51 | 51 |
| QF 8 Pte Ltd[1] | Real estate activities with own or leased property | Singapore | 51 | 51 |
| QF 9 Pte Ltd[1] | Real estate activities with own or leased property | Singapore | 51 | 51 |
| **Held by HLS Environmental Pte Ltd (formerly known as HLS Electronics Pte Ltd)** | | | | |
| HLS Property Pte Ltd[6] | Property holding | Singapore | 100 | 100 |

1 Audited by KPMG LLP, Singapore.
2 Dormant.
3 Audit is not required under local regulations.
4 These entities are classified as subsidiaries of the Group as management has determined that the Group controls these entities. Although the Group owns less than half of these entities, the Group holds more than half of the voting power of these entities by virtue of an agreement with its other investors. Based on the terms of agreements under which these entities are established, the Group has the ability to direct these entities' activities that most significantly affect their returns.
5 The equity interest of the entity was transferred from Enviro-Power Pte Ltd to Enviro-Hub Holdings Ltd during financial year 2018.
6 The entity was incorporated on 20 December 2018.

## 7 SUBSIDIARIES (CONTINUED)

**Restructuring**

On 29 June 2018, the Company's 39% owned subsidiary, Enviro-Power Pte Ltd ("EP") has transferred its 100% equity interest in Enviro Property Pte Ltd ("EPP") to the Company for a consideration of $3,777,000, which was satisfied through offsetting of the Company's amount due from EP.

On the date of acquisition, the carrying amount of Enviro Property Pte Ltd's net liabilities and carrying amount of non-controlling interest in the Group consolidated financial statements were approximately $2,627,000 and $2,922,000 respectively.

As a result of the restructuring, the equity attributable to owners of the Company has an increase of $2,922,000 in accumulated losses.

## 8 JOINT OPERATION

The Group through its wholly owned subsidiary, Leong Hin Builders Pte Ltd, is a 40% partner in a joint arrangement formed with SB Procurement Pte Ltd to jointly develop the building of a 7-storey multiple-user general industrial development at 60 Jalan Lam Huat, Singapore 737869. The principal place of business of the joint arrangement is in Singapore. As the joint arrangement is not structured through a separate vehicle, the Group has classified it as a joint operation.

## 9 TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 |
| | | $'000 | $'000 | $'000 | $'000 |
| Trade receivables | | 3,682 | 3,168 | – | – |
| Amount due from a related party (trade) | | 213 | 1,795 | – | – |
| Impairment losses | | (262) | (292) | – | – |
| | | 3,633 | 4,671 | – | – |
| Contract assets | 19 | 3,274 | 2,443 | – | – |
| Impairment losses | | (157) | (103) | – | – |
| | | 3,117 | 2,340 | – | – |
| Amounts due from subsidiaries: | | | | | |
| – interest bearing loans | | – | – | 7,430 | 5,494 |
| – non-interest bearing loans | | – | – | 498 | 563 |
| – trade | | – | – | 3,204 | 3,503 |
| – non-trade | | – | – | 928 | 765 |
| Impairment losses | | – | – | (517) | (581) |
| | | – | – | 11,543 | 9,744 |
| Deposits | | 418 | 544 | – | 7 |
| Other receivables | | 602 | 1,230 | – | 1 |
| Impairment losses | | (42) | (19) | – | – |
| | | 560 | 1,211 | – | 1 |
| Financial assets at amortised cost | | 7,728 | 8,766 | 11,543 | 9,752 |
| Prepayments | | 177 | 305 | 28 | 23 |
| | | 7,905 | 9,071 | 11,571 | 9,775 |
| Representing: | | | | | |
| Non-current | | 245 | 10 | – | – |
| Current | | 7,660 | 9,061 | 11,571 | 9,775 |
| | | 7,905 | 9,071 | 11,571 | 9,775 |

As at 31 December 2019, non-current and current trade and other receivables of the Group include retention sums of $245,000 and $530,000 (2018: $10,000 and $2,277,000) respectively.

The interest-bearing amount due from subsidiaries are unsecured, bear interest range between 2% to 4.96% (2018: 2%) and are repayable on demand. The non-interest bearing amount due from subsidiaries are unsecured, interest-free and are repayable on demand.

The Group and the Company's exposure to credit, currency and interest rate risks, and impairment loss related to trade and other receivables, are disclosed in note 28.

## 10 INVENTORIES

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Trading inventories | 2,301 | 2,030 |
| Raw materials and consumables | 88 | 57 |
| | 2,389 | 2,087 |

During the year, inventories of $17,468,000 (2018: $8,778,000) were recognised as an expense and included in cost of sales. In addition, following a review of the net realisable value of inventories, the Group recorded a reversal of allowance for write-down of inventories of $111,000 (2018: allowance for write-down of inventories of $84,000).

## 11 CASH AND CASH EQUIVALENTS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2019 | 2018 | 2019 | 2018 |
| | | $'000 | $'000 | $'000 | $'000 |
| Cash and bank balances | | 3,508 | 3,542 | 79 | 493 |
| Deposits with financial institutions | | 1,507 | 1,834 | – | – |
| Cash and cash equivalents in the statement of financial position | | 5,015 | 5,376 | 79 | 493 |
| Bank overdrafts | 17 | –* | – | – | – |
| Deposits pledged | 17 | (1,507) | (1,334) | – | – |
| Cash and cash equivalents in the consolidated statement of cash flows | | 3,508 | 4,042 | 79 | 493 |

* Denotes amount < $1,000

The effective interest rates relating to deposits with financial institutions at 31 December 2019 for the Group range between 0.90% to 1.90% (2018: 0.25% to 2.40%). Interest rates were repriced within 1 year, upon maturity of the fixed deposits.

Deposits pledged comprised deposits of certain subsidiaries pledged as securities to secure bank loans and borrowing (see note 17).

## 12 ASSETS HELD FOR SALE

On 18 October 2019 and 16 December 2019, management committed to a plan to sell two strata units of an investment property held by subsidiaries of the Group, QF 3 Pte Ltd and QF 8 Pte Ltd. Accordingly the two strata units were classified as current assets held for sale and disclosed separately in the consolidated statement of financial position as at 31 December 2019. The sale is expected to be completed within the next 12 months. The strata units are measured at a total fair value of $3,442,000 as at 31 December 2019, with a total fair value gain of $255,000 recognised in profit or loss in 2019. The fair value measurement of the strata unit is disclosed in note 29.

On 14 December 2018, management committed to a plan to sell a strata unit of an investment property held by a subsidiary of the Group, QF 8 Pte Ltd. Accordingly the strata unit is classified as current assets held for sale and disclosed separately in the consolidated statement of financial position as at 31 December 2018. The sale was completed during the year with fair value gain of $136,000 recognised in profit or loss in 2018. The fair value measurement of the strata unit is disclosed in note 29.

## 13 SHARE CAPITAL

| | Group and Company | |
|---|---|---|
| | **Number of shares** | **Number of shares** |
| | **2019** | **2018** |
| | **'000** | **'000** |
| **Fully paid ordinary shares, with no par value:** | | |
| At 1 January | 1,033,746 | 1,026,650 |
| Issuance of shares | – | 7,096 |
| At 31 December | 1,033,746 | 1,033,746 |

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

**Capital management**

The Group's capital management objective is focused on ensuring its ability to continue as a going concern in order to provide an adequate return to shareholders and economic benefits for stakeholders. The capital managed is defined as the shareholders' equity of the Group and the Company.

The Board of Directors monitors its operating results and net assets. The Group manages its capital structure and makes adjustments to it in consideration of many factors including (a) the changes in economic conditions, (b) the availability of comparatively advantageous financing strategies, (c) the cost of financing and (d) the impact of changes in the Group's liquidity and funding needs pertaining to the Group's business activities.

In order to adjust or maintain the capital structure, the Group may consider issuing debt of either on fixed or floating nature, arrange or restructure committed debt facilities, issue new shares or adjust dividend payments. There were no changes in the Group's approach to capital management during the year.

## 13 SHARE CAPITAL (CONTINUED)

**Share Award Scheme**

The Enviro-Hub Share Award Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 22 November 2012.

*Share Award I*

Pursuant to the Scheme, a grant of Award was made to Mr Ng Ah Hua, a Controlling Shareholder and Director of the Company, on 21 December 2012. Details of the grant are as follows:

| | |
|---|---|
| Number of shares granted | 13,614,862 ordinary shares |
| Vesting period | The Awards granted to Mr Ng Ah Hua will be released, in whole or in part(s), from time to time during the period when the Scheme is in force at the discretion of the Scheme Committee, if certain pre-determined performance conditions, as determined by the Scheme Committee, are achieved, or otherwise in accordance with the rules of the Scheme. |
| Number of shares to be vested for each year if Performance Conditions are met | 2,722,972 ordinary shares |

Awards comprising 5,445,944 ordinary shares were entitled to Mr Ng Ah Hua under the scheme for the financial years ended 31 December 2013 and 2014 were allotted during the financial year ended 31 December 2018.

*Share Award II*

Awards comprising 2,200,000 ordinary shares were entitled to the Company's Non-Executive Directors under the Scheme for the financial year ended 31 December 2015, of which 1,650,000 ordinary shares were allotted to 3 Non-Executive Directors on 11 April 2018. In addition, the remaining 550,000 ordinary shares award was cancelled as a result of resignation of a director in 2016.

## 14 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of entities (including foreign operations) whose functional currencies are different from the presentation currency of the consolidated financial statements.

## 15 OTHER RESERVE

Other reserve comprises adjustments to equity attributable to the Company's shareholders arising from transactions with non-controlling interests without a change in control.

## 16 NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:

| Name | Principal places of business/Country of incorporation | Operating segment | Ownership interests held by NCI 2019 % | Ownership interests held by NCI 2018 % |
|---|---|---|---|---|
| EH Property & Investments Pte Ltd | Singapore | Property investments and management | 49 | 49 |
| Enviro-Power Pte Ltd | Singapore | Plastics to fuel refining | 61 | 61 |
| HLS Environmental Pte Ltd (formerly known as HLS Electronics Pte Ltd) | Singapore | Trading, recycling and refining of e-waste/metals | 19.75 | 19.75 |

The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

| | EH Property & Investments Pte Ltd $'000 | Enviro-Power Pte Ltd $'000 | HLS Environmental Pte Ltd (formerly known as HLS Electronics Pte Ltd) $'000 | Intra-group eliminations $'000 | Total $'000 |
|---|---|---|---|---|---|
| **31 December 2019** | | | | | |
| Revenue | 2,707 | – | 3,548 | | |
| Profit/(loss) | 2,010 | (258) | 392 | | |
| Other comprehensive income (OCI) | – | – | – | | |
| **Total comprehensive income** | 2,010 | (258) | 392 | | |
| Attributable to NCI: | | | | | |
| – Profit | 985 | (157) | 77 | (361) | 544 |
| – OCI | – | – | – | – | – |
| – Total comprehensive income | 985 | (157) | 77 | (361) | 544 |
| Non-current assets | 131,300 | – | 13,546 | | |
| Current assets | 4,906 | 389 | 9,128 | | |
| Non-current liabilities | (93,285) | (2,550) | (10,063) | | |
| Current liabilities | (22,509) | (311) | (3,678) | | |
| **Net assets/(liabilities)** | 20,412 | (2,472) | 8,933 | | |
| **Net assets/(liabilities) attributable to NCI** | 10,002 | (1,508) | 1,764 | (14,270) | (4,012) |
| Cash flows from/(used in) operating activities | 288 | (208) | 1,086 | | |
| Cash flows from/(used in) investing activities | 6,003 | – | (2,772) | | |
| Cash flows (used in)/from financing activities | (7,223) | 216 | 1,173 | | |
| **Net (decrease)/increase in cash and cash equivalents** | (932) | 8 | (513) | | |

## 16 NON-CONTROLLING INTERESTS (CONTINUED)

| | EH Property & Investments Pte Ltd $'000 | Enviro-Power Pte Ltd $'000 | HLS Environmental Pte Ltd (formerly known as HLS Electronics Pte Ltd) $'000 | Intra-group eliminations $'000 | Total $'000 |
|---|---|---|---|---|---|
| **31 December 2018** | | | | | |
| Revenue | 3,320 | – | 3,938 | | |
| Profit | 5,288 | 6,046 | 1,149 | | |
| Other comprehensive income (OCI) | – | – | – | | |
| **Total comprehensive income** | 5,288 | 6,046 | 1,149 | | |
| Attributable to NCI: | | | | | |
| – Profit | 2,591 | 3,688 | 227 | (3,335) | 3,171 |
| – OCI | – | – | – | – | – |
| – Total comprehensive income | 2,591 | 3,688 | 227 | (3,335) | 3,171 |
| Non-current assets | 134,700 | – | 111 | | |
| Current assets | 3,882 | 390 | 9,386 | | |
| Non-current liabilities | (98,223) | (2,550) | – | | |
| Current liabilities | (21,957) | (251) | (956) | | |
| **Net assets/(liabilities)** | 18,402 | (2,411) | 8,541 | | |
| **Net assets/(liabilities) attributable to NCI** | 9,017 | (1,471) | 1,687 | (13,908) | (4,675) |
| Cash flows (used in)/from operating activities | (313) | (128) | 1,078 | | |
| Cash flows from/(used in) investing activities | 9,580 | 1 | (62) | | |
| Cash flows used in financing activities | (14,697) | (67) | (283) | | |
| **Net (decrease)/increase in cash and cash equivalents** | (5,430) | (194) | 733 | | |

## 17 LOANS AND BORROWINGS

| | Note | Group 2019 $'000 | Group 2018 $'000 | Company 2019 $'000 | Company 2018 $'000 |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Secured bank loans | | 93,494 | 93,870 | – | – |
| Lease liabilities (2018: Finance lease liabilities) | | 5,813 | 113 | 17 | – |
| | | 99,307 | 93,983 | 17 | – |
| **Current liabilities** | | | | | |
| Secured bank overdrafts | 11 | –* | – | – | – |
| Secured bank loans | | 5,382 | 3,997 | – | – |
| Secured invoice financing | | 718 | – | – | – |
| Lease liabilities (2018: Finance lease liabilities) | | 596 | 114 | 12 | – |
| | | 6,696 | 4,111 | 12 | – |
| Total loans and borrowings | | 106,003 | 98,094 | 29 | – |

* Denotes amount < $1,000

## 17 LOANS AND BORROWINGS (CONTINUED)

### Terms and debt repayment schedule

Terms and conditions of all outstanding loans and borrowings are as follows:

| | Nominal interest rate | Note | Year of maturity | 2019 Face value $'000 | 2019 Carrying amount $'000 | 2018 Face value $'000 | 2018 Carrying amount $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| S$ floating rate loans III | EBR# – 2.85% | (b)(c)(f)(i) | 2019 | – | – | 86,995 | 86,995 |
| S$ floating rate loans VI (converted) | EBR# – 2.70% | (b)(c)(f) | 2019 – 2022 | 81,327 | 81,327 | – | – |
| S$ floating rate loan VII | EBR# – 2.50% – 2.75% | (a)(f)(g) | 2025 | 4,341 | 4,341 | 5,069 | 5,069 |
| S$ floating rate loan VIII | EBR# – 2.00% | (a)(f)(g) | 2025 | 4,865 | 4,865 | 5,570 | 5,570 |
| S$ floating rate loan IX | COF^ + 2.00% | (d)(f)(g) | 2023 | 500 | 500 | 233 | 233 |
| S$ floating rate loan X | EBR# – 2.90% | (a)(e) | 2025 – 2034 | 7,843 | 7,843 | – | – |
| S$ finance lease liabilities | 1.50% – 3.40% | (g)(h)(j) | 2020 – 2024 | 215 | 201 | 237 | 227 |
| S$ lease liabilities | 3.34% – 4.52% | | 2021 – 2041 | 8,300 | 6,208 | – | – |
| S$ invoice financing | 3.81% | (f)(g) | 2020 | 17 | 17 | – | – |
| US$ invoice financing | 4.19 % – 4.33% | (f)(g) | 2020 | 707 | 701 | – | – |
| S$ bank overdraft | PR@ – 0.50% | (c)(f)(g) | 2020 | –* | –* | – | – |
| | | | | 108,115 | 106,003 | 98,104 | 98,094 |
| **Company** | | | | | | | |
| S$ lease liabilities | 4.47% | | 2022 | 31 | 29 | – | – |

^ The respective bank's cost of funds.
# The respective bank's enterprise base rate.
@ The respective bank's prime rate.
* Denotes amount < $1,000

The loans and borrowings' securities are as follows:

(a) First legal mortgages over leasehold properties with carrying amount of $18,364,000 (2018: $8,772,000);

(b) First legal mortgages over investment properties, including two strata units classified as assets held for sale (see note 12) with carrying amounts of $134,742,000 (2018: including a strata unit classified as current asset held for sale with carrying amounts of $136,050,000);

(c) Fixed deposits amounting to $1,507,000 (2018: $1,334,000);

(d) Fixed charges on certain plant and machineries with carrying amount of $745,000 (2018: $300,000);

(e) Guarantees by a subsidiary of the Company;

(f) Guarantees by the Executive Chairman of the Company;

(g) Guarantees by the Company (see note 31);

(h) Guarantees by the Director of a subsidiary of the Company;

(i) Fixed charges on 200 million shares of the Company held by the Executive Chairman; and

(j) Property, plant and equipment with carrying amount of $618,000 (2018: $553,000) (see note 4).

## 17 LOANS AND BORROWINGS (CONTINUED)

The Group has a secured bank loan with a carrying amount of $500,000 at 31 December 2019 (2018: $233,000). This loan is repayable by 2023. The loan contains a clause stating that the Group is required to insure the financed machineries and keep it insured during the term of the loan for a sum of not less than 120% of the invoice amount of the financed machineries.

As at 31 December 2019, the Group under insured the invoiced amount of the financed machineries by 15.00%, resulting in the non-current portion of the loan of $399,000 being reclassified to current liability. The minimum insured amount was rectified subsequent to year end and the loan was subsequently reclassified to non-current.

**Finance lease liabilities**

At 31 December 2018, the Group has obligations under finance leases payable as follows:

| | 2018 | | |
|---|---|---|---|
| | **Principal** | **Interest** | **Payments** |
| | **$'000** | **$'000** | **$'000** |
| **Group** | | | |
| Payable within 1 year | 114 | 6 | 120 |
| Payable after 1 year but within 5 years | 113 | 4 | 117 |
| Total | 227 | 10 | 237 |

The finance lease liabilities are secured by property, plant and equipment under the leases (see note 4).

The Group's and Company's exposure to interest rate, foreign currency and liquidity risks are disclosed in note 28.

## 18 TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2019 | 2018 | 2019 | 2018 |
| | | $'000 | $'000 | $'000 | $'000 |
| Deferred income | (i) | 49 | – | – | – |
| Trade payables | | 5,070 | 5,678 | 28 | 29 |
| Project costs accruals | | 17 | 168 | – | – |
| Other accruals | | 1,981 | 1,709 | 710 | 499 |
| Other payables | | 3,045 | 2,990 | 83 | 33 |
| Amount due to a shareholder | (ii) | 3,000 | – | 3,000 | – |
| Amounts due to non-controlling interests: | | | | | |
| – non-interest bearing loan | (iii) | 14,710 | 13,627 | – | – |
| – non-trade | (iv) | 2,550 | 2,550 | – | – |
| Amounts due to subsidiaries: | | | | | |
| – interest bearing loan | (v) | – | – | 17,754 | 17,800 |
| – non-trade | (vi) | – | – | 3,090 | 2,526 |
| | | 30,422 | 26,722 | 24,665 | 20,887 |
| Representing: | | | | | |
| Non-current | | 20,261 | 16,177 | 3,036 | – |
| Current | | 10,161 | 10,545 | 21,629 | 20,887 |
| | | 30,422 | 26,722 | 24,665 | 20,887 |

(i) The deferred income relates to the deferred rental income from subleased property due to uncertainty of the payment collectibles.

(ii) The amount due to a shareholder is unsecured, bear interest at 4.96% and repayable on November 2021.

(iii) The amounts are due to a company where an Executive Director of the Company has controlling interest. The amounts are unsecured, interest-free and repayable on demand after June 2021.

(iv) The amounts are due to a company where Executive Director of the Company has minority interest. The amounts are unsecured, interest-free and repayable on demand after June 2021.

(v) The amounts are unsecured, bear interest range between 2.00% to 3.85% (2018: 2.00%) and are repayable on demand.

(vi) The amounts are unsecured, interest-free and are repayable on demand.

The Group and the Company's exposure to currency, liquidity and interest rate risk related to trade and other payables are disclosed in note 28.

## 19 REVENUE

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Sales of goods | 21,554 | 13,209 |
| Revenue from construction contracts | – | 144 |
| Revenue from piling contracts | 9,245 | 8,793 |
| Rental income from investment properties | 2,707 | 3,320 |
| Revenue from rental of machinery and equipment | 241 | 306 |
| Rental income | 449 | 476 |
| | 34,196 | 26,248 |

**Contract balances**

The following table provides information about receivables and contract assets from contracts with customers.

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Receivables, which are included in 'Trade and other receivables' | 3,633 | 4,671 |
| Contract assets | 3,117 | 2,340 |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Significant changes in the contract assets balances during the year are as follows:

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Contract asset reclassified to trade receivables | (8,311) | (9,826) |
| Changes in measurement of progress | 9,245 | 8,793 |
| Impairment loss on contract assets | (157) | (103) |

## 19 REVENUE (CONTINUED)

**Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 27).

| | Trading, recycling and refining of e-waste/metals | | Property investments and management | | Piling contracts, construction, rental and servicing of machinery | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2019 $'000 | 2018 $'000 | 2019 $'000 | 2018 $'000 | 2019 $'000 | 2018 $'000 | 2019 $'000 | 2018 $'000 |
| **Primary geographical markets:** | | | | | | | | |
| Singapore | 4,791 | 2,546 | 2,707 | 3,320 | 9,486 | 9,243 | 16,984 | 15,109 |
| Hong Kong and China | 13,471 | 8,329 | – | – | – | – | 13,471 | 8,329 |
| Malaysia | 1,739 | 826 | – | – | – | – | 1,739 | 826 |
| Afghanistan | 525 | – | – | – | – | – | 525 | – |
| Europe | 343 | 1,147 | – | – | – | – | 343 | 1,147 |
| Other countries | 685 | 361 | – | – | – | – | 685 | 361 |
| | 21,554 | 13,209 | 2,707 | 3,320 | 9,486 | 9,243 | 33,747 | 25,772 |
| **Major products/service line** | | | | | | | | |
| Sale of goods | 21,554 | 13,209 | – | – | – | – | 21,554 | 13,209 |
| Revenue from construction contracts | – | – | – | – | – | 144 | – | 144 |
| Revenue from piling contracts | – | – | – | – | 9,245 | 8,793 | 9,245 | 8,793 |
| Rental income from investment properties | – | – | 2,707 | 3,320 | – | – | 2,707 | 3,320 |
| Revenue from rental of machinery and equipment | – | – | – | – | 241 | 306 | 241 | 306 |
| | 21,554 | 13,209 | 2,707 | 3,320 | 9,486 | 9,243 | 33,747 | 25,772 |
| **Timing of revenue recognition** | | | | | | | | |
| Products transferred at a point in time | 21,554 | 13,209 | – | – | – | – | 21,554 | 13,209 |
| Products and services transferred over time | – | – | – | – | 9,486 | 9,243 | 9,486 | 9,243 |
| | 21,554 | 13,209 | – | – | 9,486 | 9,243 | 31,040 | 22,452 |
| Rental income | – | – | 2,707 | 3,320 | – | – | 2,707 | 3,320 |
| | 21,554 | 13,209 | 2,707 | 3,320 | 9,486 | 9,243 | 33,747 | 25,772 |

## 20 OTHER INCOME

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Fair value gain on investment properties | 3,600 | 6,266 |
| Foreign exchange loss | (166) | (161) |
| Gain on disposal of property, plant and equipment | 9 | 28 |
| Government grants | 33 | 114 |
| Rental income on subleased properties | 148 | 317 |
| Others | 575 | 180 |
| | 4,199 | 6,744 |

## 21 OTHER OPERATING EXPENSES

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Allowance for impairment loss on property, plant and equipment | 12 | – |
| Pre-operating expenses of plastic to fuel project | 46 | 47 |
| Property, plant and equipment written off | 294 | 59 |
| | 352 | 106 |

## 22 FINANCE INCOME AND FINANCE COSTS

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Finance income: | | |
| – Cash and cash equivalents | 13 | 19 |
| Finance costs: | | |
| – Bank overdrafts | (4) | – |
| – Bank loans | (2,950) | (2,863) |
| – Lease liabilities | (192) | (9) |
| – Trust receipts | (18) | – |
| – Loan from a shareholder | (98) | – |
| Others | (24) | – |
| | (3,286) | (2,872) |
| Net finance costs recognised in profit or loss | (3,273) | (2,853) |

## 23 PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation for the year:

| | 2019 $'000 | 2018 $'000 |
|---|---|---|
| Contributions to defined contribution plans included in staff costs | 344 | 353 |
| Depreciation of property, plant and equipment | 2,738 | 2,084 |
| Audit fees paid/payable to auditors of the Company | 238 | 236 |
| Non-audit fees paid to auditors of the Company | 38 | 38 |
| Changes in inventories of finished goods and work in progress | 17,468 | 8,778 |
| Inventories (written back)/written down | (111) | 84 |
| Staff costs | 5,345 | 5,224 |

## 24 INCOME TAX EXPENSE

| | Group | |
|---|---|---|
| | 2019 $'000 | 2018 $'000 |
| **Current tax expense** | | |
| – Current year | 30 | 43 |
| – Under/(over) provided in prior years | 15 | (9) |
| | 45 | 34 |
| ***Reconciliation of effective tax rate*** | | |
| Profit before tax from continuing operations | 887 | 3,725 |
| Tax calculated using Singapore tax rate of 17% (2018: 17%) | 151 | 633 |
| Income not subject to tax | (668) | (1,069) |
| Expenses not deductible for tax purposes | 532 | 339 |
| Utilisation of prior year's capital allowance brought forward | (113) | (120) |
| Utilisation of prior year's tax losses brought forward | (76) | (288) |
| Deferred tax assets not recognised | 221 | 607 |
| Tax incentives | (17) | (59) |
| Under/(over) provided in prior years | 15 | (9) |
| | 45 | 34 |

## 24 INCOME TAX EXPENSE (CONTINUED)

The following temporary differences have not been recognised:

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Deductible temporary differences | 6210 | 6,133 |
| Unutilised tax losses | 60,777 | 60,303 |
| Unutilised capital allowances | 23 | 387 |
| | 67,010 | 66,823 |

The utilisation of tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences, unutilised tax losses and capital allowance do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items due to the uncertainty of the availability of future taxable profit against which the Group can utilise the benefits.

## 25 EARNINGS PER SHARE

**Profit attributable to ordinary shareholders**

The calculation of basic and diluted earnings per share at 31 December 2019 was based on profit attributable to ordinary shareholders of $298,000 (2018: $520,000), and a weighted-average number of ordinary shares outstanding of 1,033,746,000 (2018: 1,031,802,000), calculated as follows:

| | 2019 | 2018 |
|---|---|---|
| | $'000 | $'000 |
| Profit attributable to ordinary shareholders | 298 | 520 |

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | '000 | '000 |
| **Weighted-average number of ordinary shares** | | |
| Issued ordinary shares at 1 January, representing weighted-average number of ordinary shares during the year | 1,033,746 | 1,031,802 |

In 2019 and 2018, diluted earnings per share approximate the basic earnings per share as the unallocated ordinary shares arising from the Enviro-Hub Share Award Scheme (see note 13) is immaterial.

## 26 RELATED PARTIES

**Key management personnel compensation**

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and members of the management team are considered as key management personnel of the Group.

The Group's key management personnel are entitled to basic remuneration plan such as salaries, bonuses and fees. In addition, the Controlling Shareholder and a Director of the Company is entitled to profit-sharing and share-based payments plan. The quantum of profit sharing is based on certain percentage of the Group's profit as stipulated in the profit-sharing plan and details of the share-based payments plan are disclosed in note 13 – Share Award Scheme.

Key management personnel compensation comprises remuneration of directors and other key management personnel as follows:

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Short-term employee benefits | 1,453 | 1,462 |
| Post-employment benefits (including contribution to Central Provident Fund) | 72 | 75 |
| Directors' fees paid/payable to directors of the Group | 136 | 136 |

**Other transactions with key management personnel**

| | | Group | |
|---|---|---|---|
| | Note | 2019 | 2018 |
| | | $'000 | $'000 |
| Repayment to a related party | (i) | – | (3,228) |
| Loan from/(repayment to) a non-controlling interest | (i) | 1,083 | (1,168) |

(i) Details of the loans are disclosed in note 18.

The terms and conditions of the transactions with the Group's related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

## 26 RELATED PARTIES (CONTINUED)

**Other related party transactions**

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Other than as disclosed elsewhere in the financial statements, the transactions carried out in the normal course of business on terms agreed with related parties are as follows:

| | Company | |
|---|---|---|
| | 2019 | 2018 |
| | $'000 | $'000 |
| Management fee from subsidiaries | 1,948 | 1,948 |
| Interest income from subsidiaries | 180 | 56 |
| Interest expense paid to subsidiaries | (437) | (432) |

## 27 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairman reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Property investments and management
Investment in properties for rental income and capital appreciation.

(b) Trading, recycling and refining of e-waste/metals
Trading, recycling and refining of electronic waste (e-waste) and metals, comprising the recycling, extraction and refining of Platinum Group Metals (PGM) and copper.

(c) Piling contracts, construction, rental and servicing of machinery
Relates to provision of piling, building and construction related engineering and technical services as well as rental and servicing of machinery.

(d) Others
Includes plastics to fuel refining which involve in conversion of waste plastic to usable liquid hydrocarbon fuel oil. This segment has yet to commence operation.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax and finance costs, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment profit before tax and finance costs is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

## 27 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

| | Trading, recycling and refining of e-waste/ metals $'000 | Property investments and management $'000 | Piling contracts, construction, rental and servicing of machinery $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **31 December 2019** | | | | | |
| External revenue | 21,554 | 2,707 | 9,486 | – | 33,747 |
| Depreciation of property, plant and equipment | (368) | – | (1,248) | – | (1,616) |
| Reportable segment profit/(loss) before tax and finance costs | 1,598 | 4,747 | 316 | (258) | 6,403 |
| Other material non-cash items: | | | | | |
| – Reversal of/(allowance for) impairment loss on trade and other receivables | 41 | – | (77) | – | (36) |
| – Reversal of allowance for write-down of inventories | 111 | – | – | – | 111 |
| – Fair value gain on investment properties, net | – | 3,600 | – | – | 3,600 |
| – Finance income | 11 | 1 | 1 | – | 13 |
| – Finance costs | (66) | (2,446) | (26) | – | (2,538) |
| – Gain/(loss) on disposal of property, plant and equipment | 10 | – | (1) | – | 9 |
| – Property, plant and equipment written off | (289) | – | – | – | (289) |
| Reportable segment assets | 5,845 | 134,825 | 9,965 | 361 | 150,996 |
| Capital expenditure | 716 | – | 24 | – | 740 |
| Reportable segment liabilities | 4,444 | 97,588 | 4,173 | 2,825 | 109,030 |

## 27 OPERATING SEGMENTS (CONTINUED)

| | Trading, recycling and refining of e-waste/ metals $'000 | Property investments and management $'000 | Piling contracts, construction, rental and servicing of machinery $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **31 December 2018** | | | | | |
| External revenue | 13,209 | 3,320 | 9,243 | – | 25,772 |
| Depreciation of property, plant and equipment | (269) | (3) | (1,249) | – | (1,521) |
| Reportable segment profit/(loss) before tax and finance costs | 2,708 | 8,093 | (793) | (294) | 9,714 |
| Other material non-cash items: | | | | | |
| – Allowance for impairment loss on trade and other receivables | (44) | – | (36) | (13) | (93) |
| – Allowance for write-down of inventories | (84) | – | – | – | (84) |
| – Fair value gain on investment properties, net | – | 6,266 | – | – | 6,266 |
| – Finance income | 1 | 11 | – | – | 12 |
| – Finance costs | (2) | (2,517) | (7) | – | (2,526) |
| – Gain on disposal of property, plant and equipment | 26 | – | – | 2 | 28 |
| – Property, plant and equipment written off | – | (59) | – | – | (59) |
| Reportable segment assets | 4,917 | 136,269 | 12,455 | 370 | 154,011 |
| Capital expenditure | 965 | – | 77 | – | 1,042 |
| Reportable segment liabilities | 1,869 | 102,663 | 5,877 | 2,785 | 113,194 |

## 27 OPERATING SEGMENTS (CONTINUED)

***Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items***

| | 2019<br>$'000 | 2018<br>$'000 |
|---|---|---|
| **Revenue** | | |
| Total revenue for reportable segments | 33,747 | 25,772 |
| Revenue for other segments | 449 | 476 |
| Consolidated revenue | 34,196 | 26,248 |
| **Profit or loss** | | |
| Total profit for reportable segments before tax and finance costs | 6,403 | 9,714 |
| Unallocated amounts: | | |
| – Other corporate expenses | (5,516) | (5,989) |
| Consolidated profit before tax from continuing operations | 887 | 3,725 |
| **Assets** | | |
| Total assets for reportable segments | 150,996 | 154,011 |
| Other unallocated amounts | 30,016 | 14,407 |
| Consolidated total assets | 181,012 | 168,418 |
| **Liabilities** | | |
| Total liabilities for reportable segments | 109,030 | 113,194 |
| Other unallocated amounts | 27,425 | 11,665 |
| Consolidated total liabilities | 136,455 | 124,859 |

***Other material items***

| | Reportable segment totals<br>$'000 | Adjustments<br>$'000 | Consolidated totals<br>$'000 |
|---|---|---|---|
| **31 December 2019** | | | |
| Allowance for impairment loss on trade and other receivables | (36) | – | (36) |
| Capital expenditure | 740 | 10,840 [a] | 11,580 |
| Depreciation of property, plant and equipment | (1,616) | (1,122) [a] | (2,738) |
| Fair value gain on investment properties | 3,600 | – | 3,600 |
| Finance costs | (2,538) | (748) [a] | (3,286) |
| Finance income | 13 | – | 13 |
| Gain on disposal of property, plant and equipment | 9 | – | 9 |
| Property, plant and equipment written off | (289) | (5) [a] | (294) |
| Reversal of allowance for write-down of inventories | 111 | – | 111 |

a Other unallocated amounts.

## 27 OPERATING SEGMENTS (CONTINUED)

***Other material items (continued)***

| | Reportable segment totals $'000 | Adjustments $'000 | Consolidated totals $'000 |
|---|---|---|---|
| **31 December 2018** | | | |
| Allowance for impairment loss on trade and other receivables | (93) | – | (93) |
| Allowance for write-down of inventories | (84) | – | (84) |
| Capital expenditure | 1,042 | 86 [a] | 1,128 |
| Depreciation of property, plant and equipment | (1,521) | (563) [a] | (2,084) |
| Fair value gain on investment properties | 6,266 | – | 6,266 |
| Finance costs | (2,526) | (346) [a] | (2,872) |
| Finance income | 12 | 7 [a] | 19 |
| Gain on disposal of property, plant and equipment | 28 | – | 28 |
| Property, plant and equipment written off | (59) | – | (59) |

a Other unallocated amounts.

**Geographical segments**

The Group's four business segments operate in four main geographical areas: Singapore, Hong Kong and China, Malaysia and Europe. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets are based on the geographical location of the assets.

| | Revenue $'000 | Non-current assets[1] $'000 |
|---|---|---|
| **31 December 2019** | | |
| Singapore | 17,433 | 162,506 |
| Hong Kong and China | 13,471 | – |
| Malaysia | 1,739 | – |
| Europe | 343 | – |
| Other countries | 1,210 | – |
| | 34,196 | 162,506 |
| **31 December 2018** | | |
| Singapore | 15,585 | 150,544 |
| Hong Kong and China | 8,329 | – |
| Malaysia | 826 | – |
| Europe | 1,147 | – |
| Other countries | 361 | – |
| | 26,248 | 150,544 |

1 Non-current assets consist of property, plant and equipment, trade and other receivables and investment properties.

**Major customer**

Revenue from a customer of the Group's trading, recycling and refining of e-waste/metals segment represents approximately 25% (2018: 10%) of the Group's revenue.

## 28 FINANCIAL INSTRUMENTS

**Financial risk management**

**Overview**

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

**Risk management framework**

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. The Group Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's operations and risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets in the statements of financial position represent the Group and Company's respective maximum exposure to credit risk, before taking into account any collateral held.

***Trade and other receivables***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The credit quality of customers is assessed after taking into account its financial position and the Group's past experience with the customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment loss unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

*Exposure to credit risk*

The maximum exposure to credit risk for financial assets at amortised cost (including contract assets) at the reporting date (by type of customer) was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Contractors | 5,355 | 4,756 | – | – |
| Developer | 213 | 1,795 | – | – |
| Traders | 967 | 247 | – | – |
| Tenants | 5 | 5 | – | – |
| Others | 1,188 | 1,963 | 11,543 | 9,752 |
| | 7,728 | 8,766 | 11,543 | 9,752 |

The Group's most significant customer, a contractor, accounts for $698,000 (2018: $1,795,000) of the Group's financial assets at amortised cost carrying amount as at 31 December 2019. Amounts due from subsidiaries account for 100% (2018: 99.9%) of the Company's financial assets at amortised cost as at 31 December 2019.

A summary of the Group's exposures to credit risk for financial assets at amortised cost (including contract assets) is as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Not credit-impaired** | **Credit-impaired** | **Not credit-impaired** | **Credit-impaired** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Group** | | | | |
| Other customers: | | | | |
| – Four or more years' trading history with the Group * | 1,560 | 165 | 581 | 103 |
| – Less than four years' trading history with the Group * | 6,068 | – | 8,103 | – |
| Higher risk | 29 | 367 | 58 | 335 |
| **Total gross carrying amount** | 7,657 | 532 | 8,742 | 438 |
| Loss allowance | – | (461) | – | (414) |
| | 7,657 | 71 | 8,742 | 24 |

* Excluding higher risk

As at reporting date, the Company held non-trade receivables from its subsidiaries of $8,339,000 (2018: $6,241,000). These balances are amount provided to subsidiaries to satisfy their short term operating requirements. The Company has assessed that the credit risk of these unimpaired balances are minimal and amount of allowance on these balances is insignificant.

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

***Expected credit loss assessment ("ECL") for corporate customers***

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date. The following table provides information about the exposure to credit risk and ECLs for current trade and other receivables (including contract assets) as at 31 December 2019:

| | Weighted average loss rate % | Gross carrying amount $'000 | Impairment loss allowance $'000 | Credit impaired |
|---|---|---|---|---|
| **Group** | | | | |
| **31 December 2019** | | | | |
| Not past due | 1.1 | 5,142 | (165) | Yes |
| Past due 0 – 30 days | – | 1,838 | – | No |
| Past due 31 – 120 days | – | 543 | – | No |
| Past due 121 – 365 days | – | 270 | – | No |
| More than one year | 48.1 | 396 | (296) | Yes |
| | | 8,189 | (461) | |
| **31 December 2018** | | | | |
| Not past due | 0.3 | 7,241 | (103) | Yes |
| Past due 0 – 30 days | – | 532 | – | No |
| Past due 31 – 120 days | – | 807 | – | No |
| Past due 121 – 365 days | – | 207 | – | No |
| More than one year | 53.4 | 393 | (311) | Yes |
| | | 9,180 | (414) | |

The movements in the allowance for impairment in respect of trade and other receivables (including contract assets) during the year were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 $'000 | 2018 $'000 | 2019 $'000 | 2018 $'000 |
| At 1 January | 414 | 337 | 581 | 25,112 |
| Allowance for/(reversal of) impairment loss | 36 | 93 | (64) | (2,857) |
| Reversal of impairment loss – loan forgiveness | – | (19) | – | (21,674) |
| Translation difference | 11 | 3 | – | – |
| At 31 December | 461 | 414 | 517 | 581 |

The Group and the Company believes that the unimpaired amounts are still collectible in full, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

***Cash and cash equivalents***

The Group held cash and cash equivalents of $5,015,000 at 31 December 2019 (2018: $5,376,000). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1 to P-3, based on Moody's 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 Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company uses a similar approach for assessment of ECLs for cash and cash equivalents. The amount of the allowance on cash and cash equivalents is negligible.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk on an on-going basis and maintains a level of cash and cash equivalents supplemented by various short term bank facilities deemed adequate by management to fund the Group's operations and to mitigate the effects of fluctuations in cash flows.

As at 31 December 2019, the Group is in net current asset position of $1,619,000 (2018: $3,175,000). As at reporting date, the Group expects to be able to meet its financial obligations for the next 12 months with cash flows generated from operating activities and financial support from the Group's major shareholder.

**Exposure to liquidity risk**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | | Cash flows | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Within 1 year | Within 2 to 5 years | More than 5 years |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | |
| **31 December 2019** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Secured bank loans | 98,876 | (108,766) | (8,025) | (94,281) | (6,460) |
| Lease liabilities | 6,409 | (8,515) | (813) | (1,929) | (5,773) |
| Bank overdrafts | –* | –* | –* | – | – |
| Invoice financing | 718 | (724) | (724) | – | – |
| Trade and other payables | 30,422 | (30,422) | (10,161) | (20,261) | – |
| | 136,425 | (148,427) | (19,723) | (116,471) | (12,233) |

* Denotes amount < $1,000

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

**Exposure to liquidity risk (continued)**

| | | Cash flows | | | |
|---|---|---|---|---|---|
| | Carrying amount $'000 | Contractual cash flows $'000 | Within 1 year $'000 | Within 2 to 5 years $'000 | More than 5 years $'000 |
| **Group** | | | | | |
| **31 December 2018** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Secured bank loans | 97,867 | (121,885) | (6,744) | (26,578) | (88,563) |
| Finance lease liabilities | 227 | (237) | (120) | (117) | – |
| Bank overdrafts | – | – | – | – | – |
| Invoice financing | – | – | – | – | – |
| Trade and other payables | 26,722 | (26,722) | (10,545) | (16,177) | – |
| | 124,816 | (148,844) | (17,409) | (42,872) | (88,563) |
| **Company** | | | | | |
| **31 December 2019** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Lease liabilities | 29 | (31) | (13) | (18) | – |
| Trade and other payables | 24,665 | (24,665) | (21,629) | (3,036) | – |
| Intra-group financial guarantees | – | (56,628) | (5,552) | (50,741) | (335) |
| | 24,694 | (81,324) | (27,194) | (53,795) | (335) |
| **31 December 2018** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | 20,887 | (20,887) | (20,887) | – | – |
| Intra-group financial guarantees | – | (68,304) | (4,485) | (17,496) | (46,323) |
| | 20,887 | (89,191) | (25,372) | (17,496) | (46,323) |

The maturity analysis show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. Except for the cash flow arising from the intra-group financial guarantee, it is not expected that the cash flows included in the above analysis based on contractual maturity could occur significantly earlier or at significantly different amounts.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

### Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

| | Group Nominal amount | | Company Nominal amount | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $'000 | $'000 | $'000 | $'000 |
| **Fixed rate instruments** | | | | |
| Financial assets | 4,393 | 3,064 | 7,500 | 5,900 |
| Financial liabilities | (7,127) | (227) | (13,798) | (12,814) |
| | (2,734) | 2,837 | (6,298) | (6,914) |
| **Variable rate instruments** | | | | |
| Financial liabilities | (101,876) | (97,867) | (3,956) | (4,986) |

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

| | Profit or loss | |
|---|---|---|
| | 100 bp increase | 100 bp decrease |
| | $'000 | $'000 |
| **Group** | | |
| **2019** | | |
| Variable interest rate loans | (1,019) | 1,019 |
| **2018** | | |
| Variable interest rate loans | (979) | 979 |
| **Company** | | |
| **2019** | | |
| Variable interest rate loans | (40) | 40 |
| **2018** | | |
| Variable interest rate loans | (50) | 50 |

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

**Foreign currency risk**

The Group is exposed to foreign currency risk on sales, purchases, expenses and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Singapore dollar (SGD), United States dollar (USD) and Euro (EUR).

The Group's exposure to foreign currency risk is closely monitored by management on an on-going basis. The Company's exposure to foreign currency risk is not significant.

The Group's exposure to foreign currencies in Singapore dollar equivalent are as follows:

| | SGD $'000 | USD $'000 | EUR $'000 |
|---|---|---|---|
| **Group** | | | |
| **31 December 2019** | | | |
| Trade and other receivables | 1,014 | – | 273 |
| Cash and cash equivalents | 1,610 | 14 | 12 |
| Loans and borrowings | (607) | – | – |
| Trade and other payables | (1,760) | (3) | (629) |
| **Net statement of financial position exposure** | 257 | 11 | (344) |
| **31 December 2018** | | | |
| Trade and other receivables | 685 | – | 279 |
| Cash and cash equivalents | 670 | 4 | 2 |
| Loans and borrowings | (278) | – | – |
| Trade and other payables | (552) | – | (65) |
| **Net statement of financial position exposure** | 525 | 4 | 216 |

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

**Foreign currency risk (continued)**

*Sensitivity analysis*

A 10% strengthening of the Singapore dollar, as indicated below, against USD and EUR as at 31 December would have increased/(decreased) profit or loss 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. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact of forecasted sales and purchases. The analysis is performed on the same basis for 2018.

| | Profit/(loss) before tax Group $'000 |
|---|---|
| **31 December 2019** | |
| SGD | 26 |
| USD | 1 |
| EUR | (34) |
| **31 December 2018** | |
| SGD | 53 |
| USD | –* |
| EUR | 22 |

* Denotes amount < $1,000

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Equity price risk**

The Group is not exposed to significant equity price risk.

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

### Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Amortised cost $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Group** | | | | | | | | |
| **31 December 2019** | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | |
| Cash and cash equivalents | 11 | 5,015 | – | 5,015 | | | | |
| Trade and other receivables* | 9 | 7,728 | – | 7,728 | | | | |
| | | 12,743 | – | 12,743 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Loans and borrowings | 17 | – | (106,003) | (106,003) | – | (108,115) | – | (108,115) |
| Trade and other payables | 18 | – | (30,422) | (30,422) | | | | |
| | | – | (136,425) | (136,425) | | | | |

* Excludes prepayments

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

**Accounting classifications and fair values (continued)**

| | Note | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised cost $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Group** | | | | | | | | |
| **31 December 2018** | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | |
| Cash and cash equivalents | 11 | 5,376 | – | 5,376 | | | | |
| Trade and other receivables* | 9 | 8,766 | – | 8,766 | | | | |
| | | 14,142 | – | 14,142 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Loans and borrowings | 17 | – | (98,094) | (98,094) | – | (98,104) | – | (98,104) |
| Trade and other payables | 18 | – | (26,722) | (26,722) | | | | |
| | | – | (124,816) | (124,816) | | | | |

* Excludes prepayments

## 28 FINANCIAL INSTRUMENTS (CONTINUED)

**Accounting classifications and fair values (continued)**

| | Note | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised cost $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Company** | | | | | | | | |
| **31 December 2019** | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | |
| Cash and cash equivalents | 11 | 79 | – | 79 | | | | |
| Trade and other receivables* | 9 | 11,543 | – | 11,543 | | | | |
| | | 11,622 | – | 11,622 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Loans and borrowings | 17 | – | (29) | (29) | – | (31) | – | (31) |
| Trade and other payables | 18 | – | (24,665) | (24,665) | | | | |
| | | – | (24,694) | (24,694) | | | | |
| **31 December 2018** | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | |
| Cash and cash equivalents | 11 | 493 | – | 493 | | | | |
| Trade and other receivables* | 9 | 9,752 | – | 9,752 | | | | |
| | | 10,245 | – | 10,245 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Trade and other payables | 18 | – | (20,887) | (20,887) | | | | |

* Excludes prepayments

## 29 MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the respective methods mentioned below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

***Investment properties***

External, independent valuation company, Teho Property Consultants Pte Ltd, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the Group's investment properties at Lam Soon Industrial Building located at 63 Hillview Avenue, Singapore 669569.

The fair values were based on market values (i.e. market comparison approach), being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. Such valuation was based on price per square foot for the buildings derived from observable market data from an active and transparent market.

***Non-derivative financial liabilities***

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements. For bank loans, the market rate of interest is determined by reference to current market bank rates for loans of similar nature.

***Other financial assets and liabilities***

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

**Fair value hierarchy**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

## 29 MEASUREMENT OF FAIR VALUES (CONTINUED)

**Fair value hierarchy (continued)**

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **31 December 2019** | | | | |
| Investment properties and investment properties classified as assets held for sale | – | – | 134,742 | 134,742 |
| **31 December 2018** | | | | |
| Investment properties and investment properties classified as assets held for sale | – | – | 136,050 | 136,050 |

***Level 3 fair values***

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair values measurements of investment properties, classified under recurring fair value measurement.

| | Investment properties<br>$'000 |
|---|---|
| **Group** | |
| Balance at 1 January 2018 | 139,350 |
| Gains/(losses) for the period: | |
| Disposal of 4 strata industrial units | (9,566) |
| Reclassified as assets held for sale | (1,350) |
| Changes in fair value – Other income – Unrealised | 6,266 |
| Balance at 31 December 2018 | 134,700 |
| Gains/(losses) for the period: | |
| Disposal of 2 strata industrial units | (3,558) |
| Reclassified as assets held for sale | (3,442) |
| Changes in fair value – Other income – Unrealised | 3,600 |
| Balance at 31 December 2019 | 131,300 |

## 29 MEASUREMENT OF FAIR VALUES (CONTINUED)

***Significant unobservable inputs***

Investment properties prices per square foot are derived from specialised publications and government database from the related markets and comparable transactions, adjusted for using certain unobservable inputs.

Significant unobservable inputs include premium (discount) on the quality of the building, lease terms, size discount and level discount for strata units. The estimated fair value would increase if:

- prices per square foot were higher;
- premium/(discount) for higher/(lower) quality building were higher/(lower);
- lease terms were longer;
- size discount for strata units were lower; and
- level discount for strata units were lower.

## 30 COMMITMENTS

As at 31 December 2019, the Group has committed to purchase machineries and renovation works for $1,060,000 (2018: $314,000).

As at 31 December, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | | Group | |
|---|---|---|---|
| | | **2019** | **2018** |
| | | **$'000** | **$'000** |
| (a) | Non-cancellable operating leases payable: | | |
| | – Within 1 year | – | 1,096 |
| | – After 1 year but within 5 years | – | 1,228 |
| | – After 5 years | – | 3,069 |
| | | – | 5,393 |
| (b) | Non-cancellable operating lease rentals receivable: | | |
| | – Within 1 year | 2,954 | 2,951 |
| | – After 1 year but within 5 years | 2,115 | 2,251 |
| | | 5,069 | 5,202 |

In 2018, the Group leases a number of office and warehouse premises under operating leases.

The lease payments are subject to annual revisions based on the market rates at the respective revision dates.

## 31 CONTINGENT LIABILITIES

The Company issued financial guarantees to certain banks in respect of banking facilities granted to certain subsidiaries amounting to $76,840,000 (2018: $75,147,000), of which the amount drawn down at 31 December 2019 was $56,628,000 (2018: $68,305,000). The periods in which the financial guarantees will expire are as follows:

| | 2019<br>$'000 | 2018<br>$'000 |
|---|---|---|
| Within 1 year | 5,552 | 4,486 |
| After 1 year but within 5 years | 50,741 | 17,496 |
| After 5 years | 335 | 46,323 |
| | 56,628 | 68,305 |

## 32 LEASES

**Leases as lessee (SFRS(I) 16)**

The Group leases leasehold properties and office equipment. The leases run for a period of 2 to 22 years. Some leases provide for additional rent payments that are based on changes in local price indices.

Two of the leasehold properties leases were entered into many years ago. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases office equipment with contract terms of 5 years. The Group has elected to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below:

**Right-of-use asset**

| | Leasehold land and buildings<br>$'000 | Office equipment<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **Group** | | | |
| **2019** | | | |
| Initial adoption of SFRS(I) 16 as at 1 January 2019 | 3,703 | 89 | 3,792 |
| Depreciation charge for the year | (473) | (28) | (501) |
| Additions to right-of-use assets | 2,916 | 20 | 2,936 |
| Termination of lease | – | (8) | (8) |
| **Balance at 31 December** | 6,146 | 73 | 6,219 |
| **Company** | | | |
| **2019** | | | |
| Initial adoption of SFRS(I) 16 as at 1 January 2019 | – | 41 | 41 |
| Depreciation charge for the year | – | (12) | (12) |
| **Balance at 31 December** | – | 29 | 29 |

## 32 LEASES (CONTINUED)

**Amounts recognised in profit or loss**

| | $'000 |
|---|---|
| **2019 – Leases under SFRS(I) 16** | |
| Interest on lease liabilities | 192 |
| Income from sub-leasing right-of-use assets presented in 'revenue' and 'other income' | (597) |
| Expenses relating to short-term leases | 593 |
| **2018 – Operating leases under SFRS(I) 1-17** | |
| Lease expense | 1,273 |
| Sub-lease income presented in 'revenue' and 'other income' | (746) |

**Amounts recognised in cashflow**

| | 2019<br>$'000 |
|---|---|
| Total cash outflow for leases | (561) |

**Leases as lessor**

The Group leases out its investment property and leasehold building consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

**Operating lease**

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment property and property sublease recognised by the Group during 2019 was $3,304,000 (2018: $4,066,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

| | $'000 |
|---|---|
| **2019 – Operating leases under SFRS(I) 16** | |
| Less than one year | 2,954 |
| One to two years | 1,564 |
| Two to three years | 551 |
| **Total** | 5,069 |
| **2018 - Operating leases under SFRS(I) 1-17** | |
| Less than one year | 2,951 |
| Between one year to five years | 2,251 |
| **Total** | 5,202 |

## 33 SUBSEQUENT EVENT

Enviro Investment Pte. Ltd. ("EI"), a wholly-owned subsidiary of the Company has not carried out any business operations since incorporation. Therefore, on 3 January 2020, EI has applied for striking off with Singapore Accounting and Corporate Regulatory Authority.

# STATISTICS OF SHAREHOLDINGS

As at 19 March 2020

| | | |
|---|---|---|
| Issued and Fully Paid-Up Capital | : | S$96,158,109 |
| Number of Share Issued | : | 1,033,746,142 |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | 1 vote per ordinary share |

The Company has no treasury shares and *subsidiary holdings as at 19 March 2020.

* *Subsidiary holdings – Defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap 50.*

**DISTRIBUTION OF SHAREHOLDINGS**

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 69 | 4.23 | 1,343 | 0.00 |
| 100 – 1,000 | 87 | 5.34 | 63,274 | 0.01 |
| 1,001 – 10,000 | 461 | 28.28 | 2,800,045 | 0.27 |
| 10,001 – 1,000,000 | 960 | 58.90 | 103,926,389 | 10.25 |
| 1,000,001 AND ABOVE | 53 | 3.25 | 926,955,091 | 89.67 |
| **Total** | **1,630** | **100.00** | **1,033,746,142** | **100.00** |

**TWENTY LARGEST SHAREHOLDERS**

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | NG AH HUA | 412,692,864 | 39.92 |
| 2 | SEOW BAO SHUEN | 82,838,025 | 8.01 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 79,144,220 | 7.66 |
| 4 | SU MING TONG | 51,841,076 | 5.01 |
| 5 | HUANG YUZHU | 45,500,000 | 4.40 |
| 6 | UNG YOKE HOOI | 35,960,000 | 3.48 |
| 7 | CHEW GHIM BOK | 32,538,333 | 3.15 |
| 8 | TAN TAI KIM | 27,552,500 | 2.67 |
| 9 | DBS NOMINEES (PRIVATE) LIMITED | 24,704,626 | 2.39 |
| 10 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 11,685,996 | 1.13 |
| 11 | NG CHUEN GUAN | 10,137,549 | 0.98 |
| 12 | LOH PENG LING (LU PINGLING) | 8,833,554 | 0.85 |
| 13 | ONG CHEE KANG | 8,195,625 | 0.79 |
| 14 | LOW HWEE THENG | 7,987,000 | 0.77 |
| 15 | NG SOK ENG | 5,480,000 | 0.53 |
| 16 | QUEK BENG WEE (GUO MINGWEI) | 4,368,600 | 0.42 |
| 17 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 3,802,041 | 0.37 |
| 18 | TAN SUNG SUNG | 3,727,333 | 0.36 |
| 19 | HENG JEE LIM | 3,681,000 | 0.36 |
| 20 | HENRY QUEK PENG HOCK | 3,592,200 | 0.35 |
| | **TOTAL** | **864,262,542** | **83.60** |

# STATISTICS OF SHAREHOLDINGS

As at 19 March 2020

### SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2020

(As shown in the Company's Register of Substantial Shareholders)

| Name | No. of shares registered in the name of the substantial shareholers | No. of shares held by the substantial shareholders in the name of nominees | No. of shares in which substantial shareholders are deemed to be interested | Total Number of Shares | % of Issued Shares |
|---|---|---|---|---|---|
| Ng Ah Hua | 412,692,864 | – | 5,480,000* | 418,172,864 | 40.45% |
| Seow Bao Shuen | 82,838,025 | 65,000,000 [1] | – | 147,838,025 | 14.30% |
| Su Ming Tong | 51,841,076 | 2,553,3333 [2] | 2,201,000* | 56,595,409 | 5.47% |

**Notes:**

(1) This represents Ms Seow Bao Shuen's direct interest of 65,000,000 shares held in the name of Citibank Nominees Singapore Pte Ltd.

(2) This represents Mr Su Ming Tong's direct interest of 2,553,333 shares held in the name of UOB Kay Hian Pte Ltd.

* This represents his deemed interest held through spouse.

### SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information provided to the Company as at 19 March 2020, approximately 38.72% of the total number of issued shares of the Company is held by the public. Accordingly, the Company has compiled with Rule 723 of the SGX-ST Listing Manual.

# NOTICE OF
# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 22nd Annual General Meeting of the enviro-Hub Holdings Ltd (the "Company") will be held at 3 Gul Crescent, Singapore 629519 on Tuesday, 28 April 2020 at 10.30 a.m. to transact the following business:-

**AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2019, Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To approve Directors' fees of S$176,000 for the financial year ending 31 December 2020, payable quarterly in arrears. (2019: S$176,000) **(Resolution 2)**

3(a) To re-elect Mr Lai Huen Poh who retires pursuant to Article 107 of the Company's Constitution. **(Resolution 3)**

3(b) To re-elect Mr Samuel Poon Hon Thang who retires pursuant to Article 107 of the Company's Constitution. **(Resolution 4)**

*Mr Samuel Poon Hon Thang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

*[See Explanatory Note (A) below]*

4. To re-appoint Messrs KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors to:-

(A) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise, and /or

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures 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 may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time this Resolution is passed;

(ii) new shares arising from exercising share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 6)**

7. **PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

That:

(a) approval be and is hereby given for the renewal of the general mandate for the purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), for the Company and its subsidiaries, and their associated companies, or any of them, to enter into any of the transactions falling within the types of "interested person transactions", particulars of which are set out in the Company's circular to shareholders dated 13 April 2020 ("**Circular**"), with any party who is of the class or classes of "interested persons" described in the Circular, provided that such transactions are made on normal commercial terms and in accordance with the guidelines and procedures for review and administration of "interested person transactions" as described in the Circular and will not be prejudicial to the interests of the Company and its minority shareholders; and

(b) the approval given in paragraph (a) above ("**IPT Mandate**") shall, unless revoked or varied by the Company in a general meeting of the Company, continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

(c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary for the IPT Mandate to take into consideration any amendment to Chapter 9 of the SGX-ST Listing Manual which may be prescribed by the SGX-ST from time to time, and such other applicable laws and rules; and

(d) the Directors and any of them be and are hereby authorised and empowered to approve and complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as he or they may consider expedient, desirable or necessary or in the interests of the Company to give effect to the IPT Mandate and this resolution and the transactions contemplated and/or authorised by the IPT Mandate and this resolution. **(Resolution 7)**

8. **PROPOSED ADOPTION OF THE SHARES PURCHASE MANDATE**

That:

(a) pursuant to Article 52(2) and for the purposes of the Companies Act (Chapter 50) of Singapore, the Directors of the Company be and are hereby authorised generally and unconditionally to make purchases of ordinary shares in the share capital of the Company ("**Shares**") from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent. (10%) of the issued Shares (ascertained as at the date of the passing of this resolution, but excluding any Shares held as treasury Shares or subsidiary holdings) at the price of up to but not exceeding the Maximum Price (as defined below), in accordance with the guidelines described in the Circular, including the "Guidelines on Shares Purchases" set out in Appendix I of the Circular, and otherwise in accordance with all other laws and regulations, and the rules of the SGX-ST ("**Shares Purchase Mandate**"); and

(b) the Shares Purchase Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the earlier of:-

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Shares Purchase Mandate are carried out to the full extent mandated; and

(c) in this Ordinary Resolution 8, "**Maximum Price**" means:

(i) in the case of a market purchase of Shares on the SGX-ST transacted through the SGX-ST's trading system or on another stock exchange on which the Company's equity securities are listed, one hundred and five per cent. (105%) of the Average Closing Price; and

(ii) in the case of an off-market purchase pursuant to an equal access scheme in accordance with Section 76C of the Companies Act (Chapter 50) of Singapore, one hundred and twenty per cent. (120%) of the Average Closing Price,

in either case, excluding related expenses of the Shares purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded preceding the day of the market purchase (which is deemed to be adjusted for any corporate action that occurs after the relevant 5-day period and the day on which the purchases are made);

(d) the Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the Shares Purchase Mandate and this resolution, and the transactions contemplated and/or authorised by the Shares Purchase Mandate and this resolution. **(Resolution 8)**

9. **AUTHORITY TO OFFER AND GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER THE ENVIRO-HUB SHARE AWARD SCHEME**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorized to offer and grant awards ("**Awards**") in accordance with the provisions of the "Enviro-Hub Share Award Scheme" ("**Scheme**") and (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of the Awards under the Scheme provided always that the aggregate number of Shares (comprising new Shares and/or treasury Shares) to be delivered pursuant to the Scheme, when added to the number of new Shares issued and issuable and the number of treasury Shares delivered in respect of all other share schemes or share plans of the Company (if any), shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company (excluding treasury Shares and subsidiary holdings) from time to time, and provided also that, subject to such adjustments as may be made to the Scheme as a result of any variation in the capital structure of the Company, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 9)**

By Order of the Board

Joanna Lim Lan Sim
Company Secretary
13 April 2020

**EXPLANATORY NOTE**

**(A) Resolutions 3 and 4**

In relation to Ordinary Resolutions 3 and 4 proposed in items 3(a) and 3(b) above, the detailed information on Mr Lai Huen Poh and Mr Samuel Poon Hon Thang are set out in the section entitled "Board of Directors", Table 3 in the Corporate Governance Report and "Additional Information on Directors Seeking Re-election" of the Company's 2019 Annual Report.

There are no relationships (including immediate family relationships) between Mr Lai Huen Poh and the Company, its related corporations, its substantial shareholders or its officers.

There are no relationships (including immediate family relationships) between Mr Samuel Poon Hon Thang and the Company, its related corporations, its substantial shareholders or its officers.

**Statement pursuant to Article 61(3) of the Company's Constitution**

The effect of the resolutions under the heading "Special Business" in the Notice of the Annual General Meeting is:-

1. The **Ordinary Resolution 6** proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time that Ordinary Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Ordinary Resolution 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

2. The **Ordinary Resolution 7** proposed in item 7 above, if passed, will authorise the types of "interested person transactions" as described in the Company's circular to shareholders dated 13 April 2020 and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate (as defined in Resolution 7 above). This authority will, unless revoked or varied by the Company at a general meeting, expire on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier. Details of the IPT Mandate are set out in the Company's circular to shareholders dated 13 April 2020.

3. The **Ordinary Resolution 8** proposed in item 8 above, if passed, will authorise the Directors of the Company to make on-market and off-market purchases or acquisitions of ordinary shares in the share capital of the Company ("**Shares**") of up to 10 per cent. (10%) of the issued shares (excluding treasury Shares and subsidiary holdings) (ascertained as at the date of the passing of Resolution 8 above) at such price(s) up to the Maximum Price (as defined in Resolution 8 above) and will empower the Directors of the Company to do all acts necessary to give effect to the Share Purchase Mandate (as defined in Resolution 8 above). This authority will, unless revoked or varied by the Company at a general meeting, expire on the date on which the next annual general meeting of the Company is held, or the day by which the next annual general meeting of the Company is required by law to be held, or the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier. Detailed information on the Shares Purchase Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company's financial position, is set out in the Company's circular to shareholders dated 13 April 2020.

4. The **Ordinary Resolution 9** proposed in item 9 above, if passed, will authorise the Directors of the Company to offer and grant awards and to allot and issue new ordinary shares in the capital of the Company ("**Shares**") pursuant to the "Enviro-Hub Share Award Scheme" ("**Scheme**"), the details of the Scheme and a summary of the rules of which are set out in the Company's circular to shareholders dated 31 October 2012, provided always that the aggregate number of Shares (comprising new Shares and/or treasury Shares) to be delivered pursuant to the Scheme, when added to the number of new Shares issued and issuable and the number of treasury Shares delivered in respect of all other share schemes or share plans of the Company (if any), shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company (excluding treasury Shares and subsidiary holdings) from time to time. This authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

**IMPORTANT: Please read notes below.**

**NOTES:**

(1) A member of the Company (other than a depository agent) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Subject to the Constitution of the Company, a member of the Company who is a depository agent entitled to attend and vote is entitled to appoint any sub-account holder who maintains an account with such depository agent to attend and vote in his stead.

(2) A proxy need not be a member of the Company.

(3) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. Relevant intermediary is either:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

(4) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(5) An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

(6) The instrument appointing a proxy must be deposited at the registered office of the Company at 3 Gul Crescent, Singapore 629519 not later than 48 hours before the time appointed for the Annual General Meeting.

**PERSONAL DATA PRIVACY:**

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

**NOTICE FROM THE COMPANY ON THE NOVEL CORONAVIRUS (COVID-19)**

The Company is closely monitoring the Novel Coronavirus situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of spread of the Novel Coronavirus. In light of the evolving situation, it may in any case be necessary to change the arrangements for this year's Annual General Meeting ("AGM"). The Company reserves the right to take measures as appropriate in order to minimise any risk to the shareholders and others attending the AGM. In the event such measures are adopted, the Company will make announcements as appropriate.

# ADDITIONAL INFORMATION
## ON DIRECTORS SEEKING RE-ELECTION

Mr Samuel Poon Hon Thang and Mr Lai Huen Poh are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Tuesday, 28 April 2020 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

| | MR SAMUEL POON HON THANG | MR LAI HUEN POH |
|---|---|---|
| Date of Initial Appointment | 26 September 2006 | 27 May 2008 |
| Date of last re-appointment | 25 April 2018 | 28 April 2017 |
| Age | 70 | 65 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Samuel Poon Hon Thang for re-election as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Samuel Poon Hon Thang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lai Huen Poh for re-election as Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Lai Huen Poh possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive Independent Director, Chairman of the Nominating Committee and member of Audit and Remuneration Committees. . | Non-Executive Director and member of Audit and Remuneration Committees. |
| Professional qualifications | Bachelor of Commerce<br>(1st Class Honours Degree) | Bachelors of Engineering (Honours). Registered Professional Engineer Singapore and Accredited Checker Singapore. |
| Working experience and occupation(s) during the past 10 years | Former banker with more than 40 years of experience in corporate banking, corporate finance and consumer banking. | More than 40 years of experience in the area of Civil and Structural Engineering. |
| Shareholding interest in the listed issuer and its subsidiaries | 923,333 ordinary shares | 2,961,666 ordinary shares (direct interest)<br>719,442 ordinary shares (deemed interest) |

| | MR SAMUEL POON HON THANG | MR LAI HUEN POH |
|---|---|---|
| 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 | Shareholder of the Company. | Shareholder of the Company. |
| Conflict of Interest (including any competing business) | No | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments* Including Directorships#<br><br>Past (for the last 5 years)<br><br><br><br>Present (for listed Company only) | <br><br><br>JP Nelson Holdings Ltd (Listed on Taiwan Gretai Securities Market) (Till June 2016)<br><br>(a) Enviro-Hub Holdings Ltd<br>(b) Soilbuild Construction Group Ltd<br>(c) UOL Group Limited | <br><br><br>–<br><br><br><br>(a) Enviro-Hub Holdings Ltd |
| **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 |

| | MR SAMUEL POON HON THANG | MR LAI HUEN POH |
|---|---|---|
| b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| c) Whether there is any unsatisfied judgment against him? | No | No |
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| 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 |

| | MR SAMUEL POON HON THANG | MR LAI HUEN POH |
|---|---|---|
| f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |

| | MR SAMUEL POON HON THANG | MR LAI HUEN POH |
|---|---|---|
| j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– | No | No |
| i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| ii. any entity or (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |
| k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |

| | MR SAMUEL POON HON THANG | MR LAI HUEN POH |
|---|---|---|
| **Disclosure applicable to the appointment of Director only** | | |
| Any prior experience as a director of a listed company?<br><br>If yes, please provide details of prior experience.<br><br>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.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | N.A. | N.A. |

**ENVIRO-HUB HOLDINGS LTD.**
(Company Registration No. 199802709E)
(Incorporated in the Republic of Singapore)

# PROXY FORM

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Enviro-Hub Holdings Ltd shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2020.

*I / We, ______________________________ NRIC/Passport no. ______________________

of ______________________________________________________________

being *a member/members of Enviro-Hub Holdings Ltd. (the "Company"), hereby appoint:

| Name | Address | NRIC/ Passport No. | Proportion of Shareholding(s) (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| | | | |
|---|---|---|---|
| | | | |

or failing him/her, the Chairman of the Annual General Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the 22nd Annual General Meeting ("AGM") of the Company to be held at 3 Gul Crescent, Singapore 629519 on Tuesday, 28 April 2020 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against, or abstain from voting on, the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

| No. | Ordinary Resolutions | For** | Against** | Abstain** |
|---|---|---|---|---|
| 1 | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2019, the Directors' Statement together with the Auditors' Report thereon. | | | |
| 2 | To approve Directors' fees of S$176,000 for the financial year ending 31 December 2020, payable quarterly in arrears. (2019: S$176,000) | | | |
| 3 | To re-elect Mr Lai Huen Poh as a Director (Retiring under Article 107) | | | |
| 4 | To re-elect Mr Samuel Poon Hon Thang as a Director (Retiring under Article 107) | | | |
| 5 | To re-appoint Messrs KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration. | | | |
| 6 | To authorise the Directors to allot and issue shares. | | | |
| 7 | To approve the Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions. | | | |
| 8 | To approve the Proposed Adoption of the Shares Purchase Mandate. | | | |
| 9 | To authorise the Directors to offer and grant awards and to allot and issue shares under the Enviro-Hub Share Award Scheme. | | | |

* Delete where applicable
** Voting will be conducted by poll. If you wish your proxy to cast all your votes 'For' or 'Against' a resolution, please tick [✓] in the 'For or 'Against' box provided. Alternatively, please indicate the number of votes 'For' or 'Against' each resolution. If you wish your proxy to Abstain from voting on a resolution, please tick [√] in the 'Abstain' box. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting.

Dated this ______________ day of ______________ 2020

| Total Number of Shares Held |
|---|
| |

______________________________
Signature(s) of Member(s) / Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**

Notes:-

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy 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 form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be executed 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 under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its constitution and Section 179 of the Companies Act.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 3 Gul Crescent, Singapore 629519 not later than 48 hours before the time set for the Annual General Meeting.

Fold along this line

Affix
Postage
Stamp
Here

The Company Secretary
**ENVIRO-HUB HOLDINGS LTD**
3 Gul Crescent
Singapore 629519

Fold along this line

6. A member of the Company 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 shares registered in his name in the Register of Members of the Company, 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 of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to attend, speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

**Personal data privacy:**
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2020.

ENVIRO-HUB HOLDINGS LTD
Company Registration No. 199802709E

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Singapore 629519
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