



SUSTAINABLE SOLUTIONS FOR A SUSTAINABLE FUTURE

ANNUAL REPORT 2018



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.

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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

Enviro-Hub Holdings Ltd
200 Pandan Loop
#05-01 Pantech 21
Singapore 128388
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

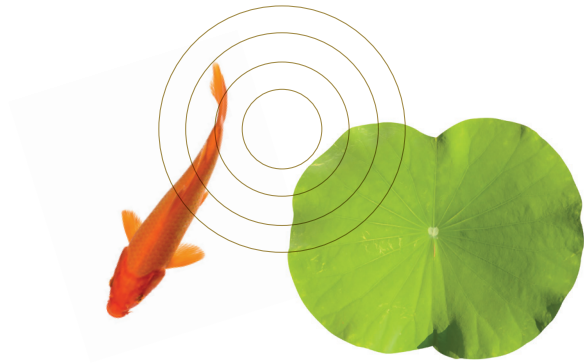
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Audit Partner-in-charge:
Mr Chiang Yong Torng
(Since financial year 2017)

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 33 years of experience in the recycling industry and over 18 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.

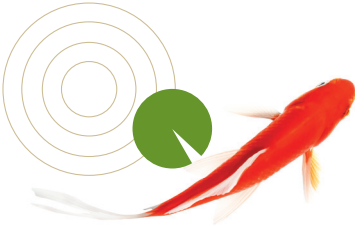
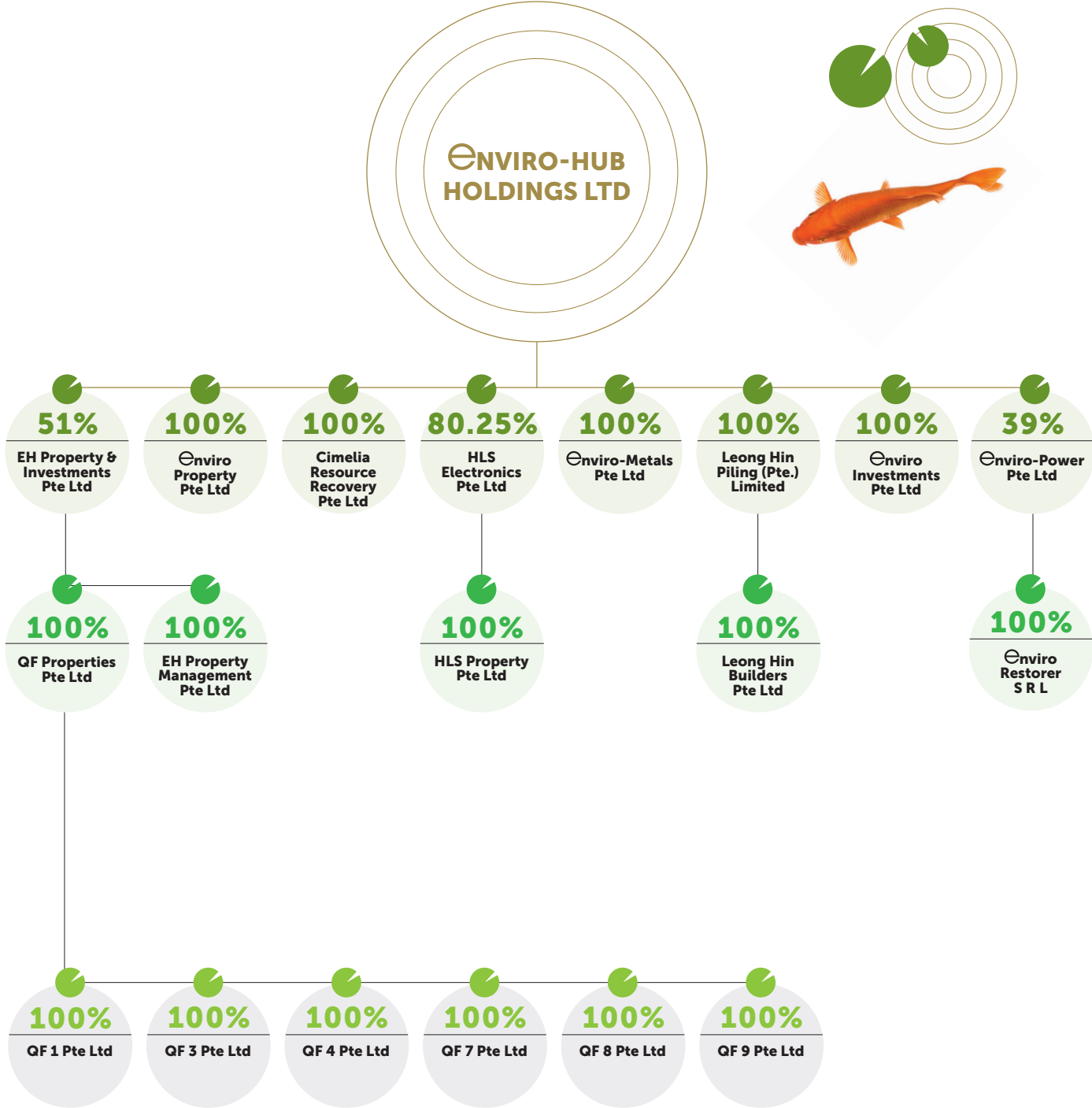
In the building and construction sector, Enviro-Hub has successfully built a solid reputation by leveraging on our subsidiaries' and associates' capabilities, which propels us to actively contribute to the transformation of Singapore's dynamic cityscape.

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



🐟🐟 The Group has further achieved a net profit of \$3.7 million in FY2018. 🐟🐟

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 2018 ("FY2018").

I am pleased to report that Enviro-Hub remains on track with our progress to grow and strengthen our market position. Subsequent to the disposal transactions in relation to its investment properties in FY2017, the Group has obtained encouraging results from its core businesses. Our recycling, property investment and piling businesses have registered a combined segmental profit of \$10.0 million. The Group will continue to monitor its profitability by improving productivity and efficiency via technology advancement and cost control.

Revenue decreased from \$61.0 million to \$26.2 million as compared to FY2017. Despite the decline, the Group maintained a comparable gross profit margin in the current financial year. The Group has further achieved a net profit of \$3.7 million in FY2018, against the net loss of \$40.6 million recorded in FY2017.

The Group has continued to maintain a healthy working capital ratio at approximately 1.2. This is a testament to our ability to manage finances effectively and stay flexible to maintain operations.

To keep up with changing times is to evolve the way we live, work and play. Singapore's progress in today's dynamic digital era will impact the way the population consumes technology and innovation. This gives rise to the need for e-waste management systems to facilitate e-waste recycling. This will in turn provide a good platform for the Group's subsidiaries to tap into. We will seek new opportunities to optimise our comprehensive capabilities and facilities, to support the needs of businesses and agencies with effective e-waste management services and solutions.

In order to fulfil the needs of recycling services in Singapore and meet the increasing demand of our services from multinational companies ("MNC") globally, the Group announced in January 2019 its proposed acquisition of a factory building in the Jurong area to facilitate the development of its



recycling businesses. The acquisition is expected to be completed in June, subject to the relevant Authorities' approval.

The Group will continue to focus on our core business in recycling and valued solutions to restore the environment. We will also stay on track to explore opportunities in property investment. The construction business has its challenges, however management believes our experience and expertise in this area will enable us to successfully navigate obstacles and emerge stronger.

Together with the Board, I would like to express a deep appreciation to all our Shareholders for your unwavering support. To our valued Board, thank you

for your continued counsel and leadership through the years. Our growth journey would not be made possible without the support of management and staff, for which I am grateful for your dedicated efforts and contributions. As we enter a new financial year, let us move forward as one to build a better and stronger Enviro-Hub.

MR RAYMOND NG AH HUA
Executive Chairman



BOARD OF DIRECTORS



MR RAYMOND NG AH HUA
Executive Chairman

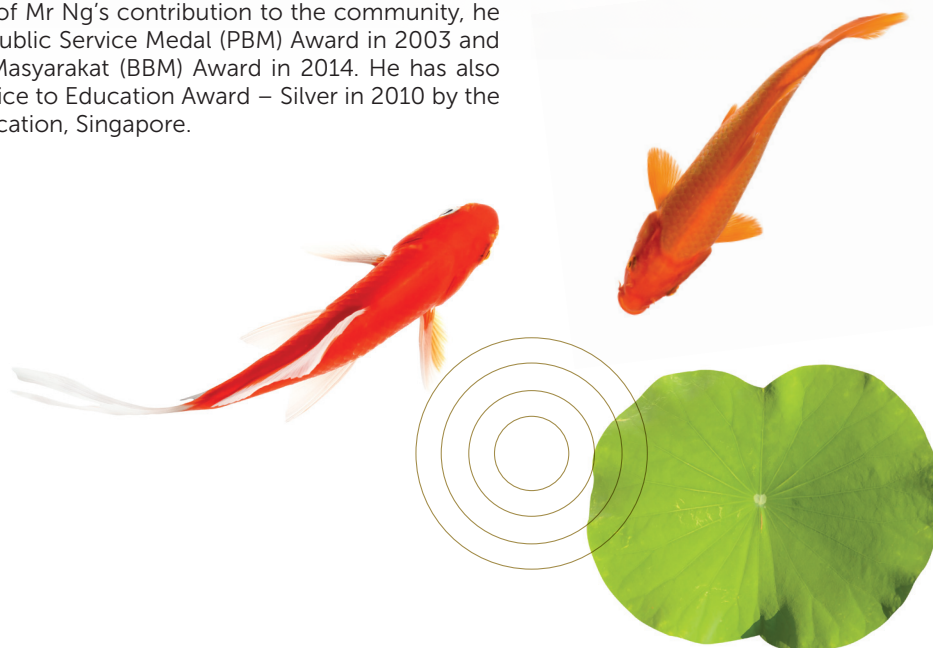
Mr Ng joined the board on 28 October 2004 and was last re-elected as Director of the Company on 28 April 2016. He is a member of the Nominating Committee. As the Executive Chairman, he is responsible for the Group's overall management, business development, investment decisions as well as strategic direction 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 33 years of experience in the recycling and e-waste management & recovery business. He is also an accomplished property developer with more than 18 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 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 28 April 2016. 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 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 directorships in other private companies.



MR LAI HUEN POH
Non-Executive Director

Mr Lai joined the board on 27 May 2008 as Independent Director and was redesignated 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 has been a director of RSP Architects Planners & Engineers Pte Ltd since 1992, and is currently Senior Director. 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 Awards, Construction Excellence Awards, Design & Engineering Safety Excellence Awards and BCA-SGBC Green Building Individual Awards, culminating in his appointment to the BCA Board 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 Lift & Escalators Safety. He is a Board Member of the Singapore Land Authority and 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. In August 2018, he was conferred the Award of Public Service Star (Bintang Bakti Masyarakat).



KEY EXECUTIVES OF THE GROUP



MS TAN LAY MAI
Chief Financial Officer

Director: HLS Electronics 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 Practising 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).

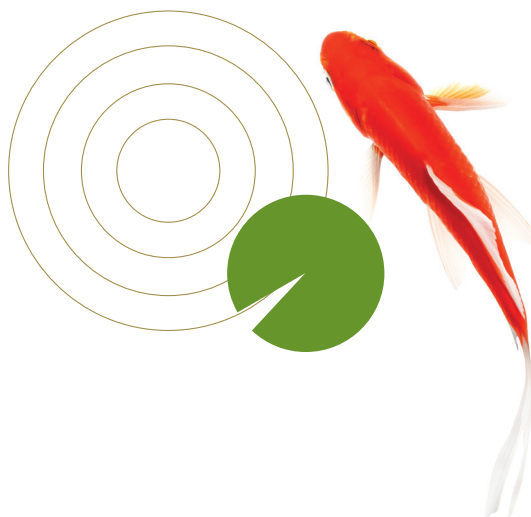


MR JERRY NG BOON SONG

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 18 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.

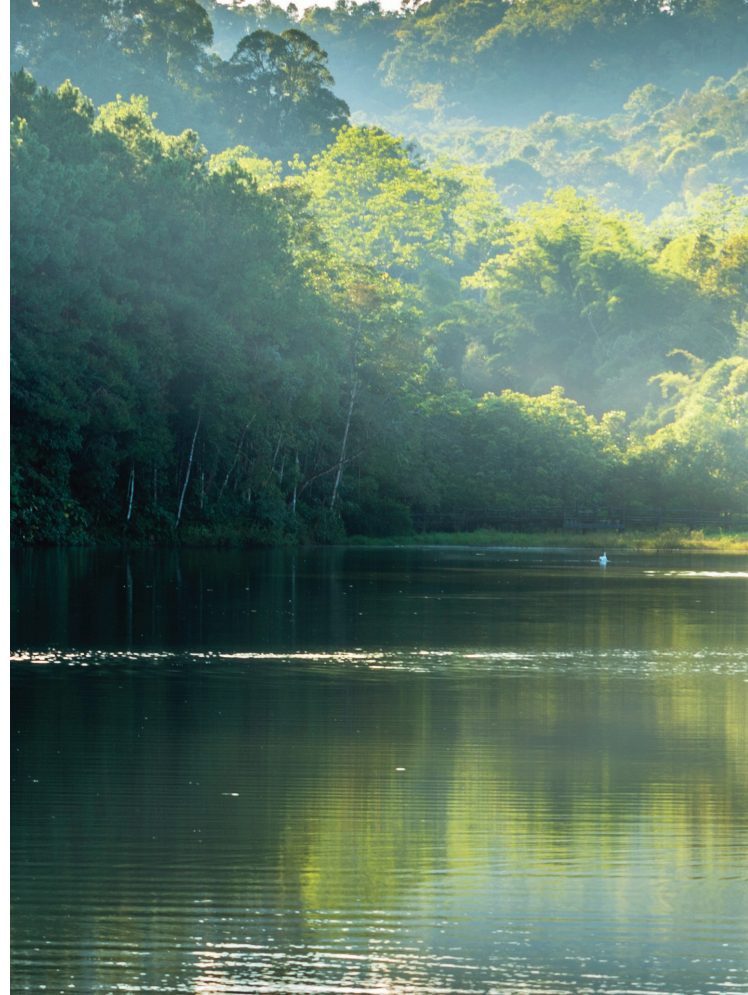
His M.Sc. research project/dissertation involves detail review of bored pile's case history in Singapore to conclude simplified piling design procedures and parameters. Building on an extensive academic and industry experience, Mr Aung has been involved in several major projects in Singapore and provided 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 decreased from \$61.0 million to \$26.2 million as compared to FY2017, which was due mainly to the absence of revenue generated from the Group's joint operational construction project for a 7-storey multi-user industrial development located at 60 Jalan Lam Huat, which was completed in 2Q 2017. The decrease was further attributed to the reduction in sales volume due to the relocation of the Group's recycling plant and absence of rental income from the Group's commercial property at PoMo, which was disposed at the end of FY2017. Nevertheless, the Group's bottom line has improved from a net loss of \$40.6 million in FY2017 to a net profit of \$3.7 million in FY2018.

The Group's bottom line result has turned over from a loss of \$40.6 million to a profit of \$3.7 million in FY2018 due to the fair value losses recognised on the valuation of the Group's strata investment properties at 63 Hillview Ave, as well as the loss on disposal of the Group's subsidiary known as F2S1 Investment Pte Ltd in FY2017.

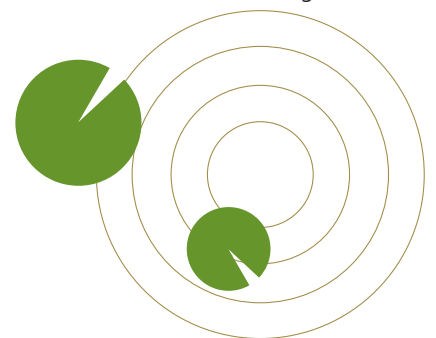
SEGMENTAL REVIEW

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

This division focuses on providing e-waste management solutions and recycling services. The segment's profit has decreased from \$3.6 million in FY2017 to \$2.7 million in FY2018. The decrease was due to the relocation of the Group's recycling plant.

Property Investments and Management Division

This division engages in developing, investing and managing the Group's investment properties. Segment profitability from the investment properties business segment has improved from a segmental loss of \$50.1 million in FY2017 to segmental profit of \$8.1 million in FY2018. This was due mainly to the loss on disposal of a subsidiary and fair value loss recorded for the Group's investment properties held at 63 Hillview Avenue, Lam Soon Industrial Building in FY2017.





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 segment loss has increased from \$0.3 million in FY2017 to \$0.8 million in FY2018 due mainly to the completion of a joint operation with SB Procurement Pte Ltd (as announced via SGXNet on 18 May 2014) for the construction project at 60 Jalan Lam Huat in 2Q 2017.

OUTLOOK

The ongoing trade tensions between the United States and China may expose Singapore's

economy to a downside risk. Conversely, there are others who believe that Singapore could benefit from the diversion of trade and investment to the region as a result of the uncertainty over US-China trade relations.

The Group holds a relatively optimistic outlook for its recycling business. The Group's construction sector will remain challenging but management will continue to focus on controlling operating costs and delivering better yield. As the domestic property market is full of uncertainties, the Group will adopt a cautious approach towards its property investment sector.

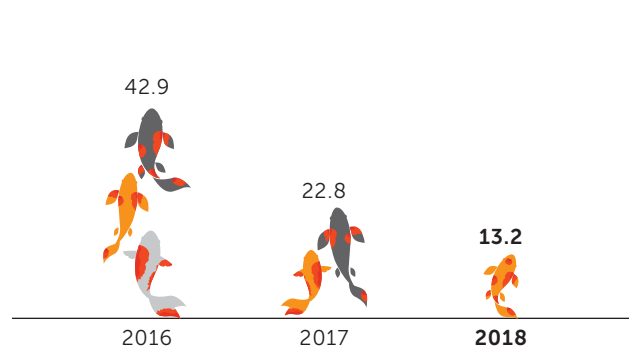


FINANCIAL HIGHLIGHTS

REVENUE

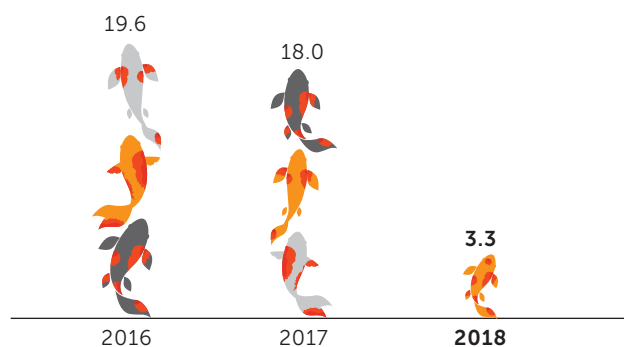
RECYCLING BUSINESS (MIL)

Trading, Recycling & Refining of e-Waste/Metals



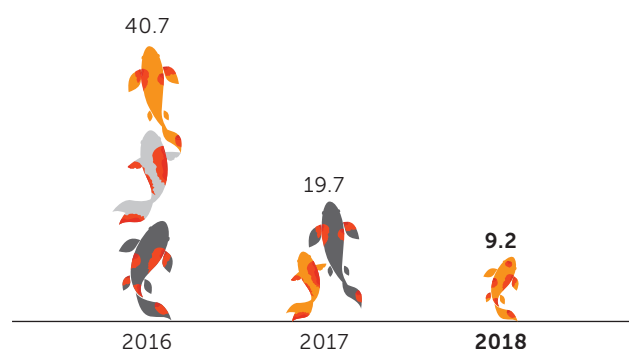
PROPERTY BUSINESS (MIL)

Property Investments & Management

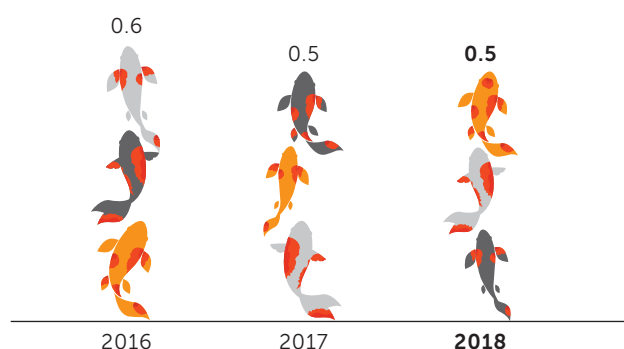


CONSTRUCTION BUSINESS (MIL)

Piling Contracts, Construction, Rental & Servicing of Machinery



OTHERS (MIL)



TOTAL REVENUE FOR FY2018

S\$26.2
MILLION

FY2017:
S\$61.0 million
FY2016:
S\$103.8 million

PROFIT BEFORE TAX FOR FY2018

S\$3.7
MILLION

FY2017:
Loss before tax of S\$39.9 million
FY2016:
Loss before tax of S\$11.3 million

PROFIT FOR FY2018

S\$3.7
MILLION

FY2017:
Loss of S\$40.6 million
FY2016:
Loss of S\$12.2 million



CORPORATE GOVERNANCE REPORT

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 with specific reference to the Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012.

The Company is generally in compliance with the principles and guidelines as set out in the Code and in areas where there are deviations from the Code, appropriate explanations are provided within this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guidelines of the Code

Corporate Governance Practices of the Company

- 1.1 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.
- 1.2 All directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interests of the Company. There are corporate governance practices in place where a director will abstain from recommending or participating in decisions of the Board or a Board Committee he sits on, if he is interested or deemed to be interested in the said decisions. The independent directors have performed and will continue to perform their duties independently of Management.
- 1.3 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.
- 1.4 During the financial year ended 31 December 2018 ("FY2018"), the Board has held meetings for particular and specific matters as and when necessary. The Company's Constitution allow the Board to convene meetings by tele-conferencing. Details of the frequency of Board and Board Committee meetings held in FY2018, as well as the attendance of each Board member at these meetings are disclosed in **Table 1**.
- 1.5 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.

The Board also meets to review and consider the following corporate matters:–

- Approval of quarterly and year-end results announcements;
- Approval of the annual reports and financial statements;
- Convene shareholders' meetings;
- Material acquisition and disposal of assets;
- Major investments and funding decisions;
- Financial performance and key operational initiative; and
- Oversee the implementation of appropriate systems to manage the Group's business risk.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

1.6 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.

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.

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.

1.7 Formal letters had been issued to all newly appointed directors upon their appointments, setting out their duties and responsibilities as a director. The directors are aware of the requirements in respect of interest in securities, disclosure of conflicts of interests in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

No new director was appointed during the year under review.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code

Corporate Governance Practices 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. There is an independent element on the Board, with independent directors constituting half of the Board. A summary of the current composition of the Board and its committee is set out in **Table 2**.

2.2 Although the Chairman of the Board is not an independent director, there is a strong independent element on the Board, with 50% of the Board comprising independent directors.

2.3 The independence of each director is reviewed annually by the Nominating Committee ("NC") based on the guidelines as set out in the Code as well as the respective director's Confirmation of Independence Statement.

2.4 Concerning the independence of directors who have served on the Board beyond nine years, it was noted that 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.

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.



CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

- (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;
- (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
- (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.

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.

- 2.5 The Board considers that the present Board size is appropriate, taking into account the nature and scope of the Group's operation.
- 2.6 The Board recognizes the importance of an appropriate balance and diversity of skills, experience, age, gender, knowledge and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix during the annual assessment of the effectiveness of the Board.

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.
- 2.7 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.
- 2.8 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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code

Corporate Governance Practices of the Company

- 3.1 The Company does not have the position of Chief Executive Officer. 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.



CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices 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 Nominating Committee and his remuneration package will be reviewed periodically by the Remuneration Committee. The Executive Chairman and other executive and 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.

The Executive Chairman is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process.

The Executive Chairman 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. Mr Samuel Poon Hon Thang will be available to address shareholders’ concerns when contact through the normal channels of the Chairman and the CFO has failed to provide a satisfactory resolution or when such contact is inappropriate.

3.4 Where warranted, the non-executive director and/or independent directors, led by the lead independent director, may meet without the presence of Management to review any matters that must be raised privately before the lead independent director provides feedback to the Chairman of the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guidelines of the Code

Corporate Governance Practices of the Company

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.

The NC comprises three directors, a majority of whom, including the Chairman, are independent non-executive directors. The names of the members of the NC are disclosed in **Table 2**.

4.2 The principal function of the NC is to establish a formal and transparent process to:–

- Review the background, academic and professional qualifications of each individual director;
- Review and recommend the nomination of retiring directors for re-election at each Annual General Meeting (“AGM”);
- Nominate and recommend all new appointments to the Board;
- 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;
- Assess the performance of the Board as a whole, as well as the contribution of each director to the effectiveness of the Board;
- Review and determine annually the independence of each director; and
- Review the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary.



CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

4.3 The NC determines the independence of each director annually based on the definitions and guidelines of independence as set out under Guideline 2.3 and 2.4 above. The Board, after taking into consideration the views of the NC, is of the view that Mr Tan Kok Hiang and Mr Samuel Poon Hon Thang are independent and that, no individual or small group of individual dominates the Board's decision making process.

4.4 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.

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.

4.5 No alternate director has been appointed to the Board.

4.6 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.

The NC leads the process for board appointments and makes recommendations to the Board. The integrated process of appointment includes:–

- i. Developing a framework on desired competencies and diversity on board;
- ii. Assessing current competencies and diversity on board;
- iii. Developing desired profiles of new directors;
- iv. Initiating search for new directors including external search, if necessary;
- v. Shortlist and interview potential director candidates;
- vi. Recommending appointments and retirements to the board;
- vii. Election at general meeting.

4.7 The directors who held office during the year up to the date of this report are disclosed in the Director's Statement on pages 32 to 36. Details of the directors' profiles are set out on pages 6 and 7 of this Annual Report.

The date of the directors' initial appointment and last re-election and their directorships are disclosed in **Table 3**.



CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines of the Code **Corporate Governance Practices of the Company**

- 5.1 The NC is responsible for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contribution of each individual director. The NC is also 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.
- 5.2 A Board performance evaluation is carried out annually and the assessment parameters include the evaluation of the Board's composition, size and expertise, timeliness of Board information as well as Board accountability and standards of conduct. For FY2018, the NC reviewed the performance of the Board based on the aforesaid parameters. The objective of the evaluation exercise is to provide an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes have 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.
- Review of the Board's performance, as appropriate, is undertaken collectively by the Board annually by NC with inputs from the Board members. The results of the overall performance of the Board pointed towards a consistently good position indicating that it is working well in most areas and trending towards outstanding performance.
- 5.3 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 and contributions made at meetings of Board and Board Committees as well as general meetings.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines of the Code **Corporate Governance Practices of the Company**

- 6.1 & 6.2 Board members are provided with adequate and timely information prior to Board meetings, and on an on-going basis. 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.
- 6.3 Besides attending all Board meetings and meetings of the Board committees of the Company, the Company Secretary also provides other corporate secretarial supports to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company.
- 6.4 The appointment and replacement of Company Secretary is a Board reserved matter.
- 6.5 The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guidelines of the Code

Corporate Governance Practices of the Company

- 7.1 The Remuneration Committee ("RC"), regulated by a set of written terms of reference, comprises three members, 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**.
- 7.2 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 Chairman of the Board and submitted for endorsement by the entire Board.
- 7.3 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 FY2018.
- 7.4 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.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guidelines of the Code

Corporate Governance Practices of the Company

8.1 Remuneration policy in respect of executive director and other key management personnel

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 director is remunerated as a member of management. His remuneration in FY2018 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 his individual performance.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

8.2 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 Raymond Ng Ah Hua, a controlling shareholder and Executive Chairman of the Company pursuant to the Scheme. The Awards granted to Mr Raymond 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 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 Raymond Ng Ah Hua 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.

8.3 **Policy in respect of non-executive directors' remuneration**

The non-executive director ("NED") 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 NED, 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.

8.4 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 director and key management personnel as it was considered unnecessary in the Company's current context.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines of the Code

Corporate Governance Practices of the Company

9.1 to 9.3

Level and mix of remuneration of directors and key management personnel (who are not also directors or the CEO) for the year ended 31 December 2018.

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).

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.

Table 4 and **Table 4A** sets out the breakdown of the remuneration of the directors and the top key management personnel (who are not directors or the CEO), respectively, for FY2018.

Rules 1207(12) of the SGX-ST Listing Rules

Regarding the 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).

9.4

Remuneration of employees who are immediate family members of a director or the chief executive officer

There is no immediate family member (defined in the SGX-ST Listing Manual) as the spouse, child, adopted child, step-child, brother sister and parent) of a director or the CEO in the employment of the Group and the Company whose annual remuneration exceeded S\$50,000 during FY2018.

9.5 and 9.6

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 8 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.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guidelines of the Code **Corporate Governance Practices of the Company**

10.1 The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days of the end of the quarter. Annual results are released within 60 days of the financial year-end. In presenting the Company's annual and quarterly financial results to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

10.2 The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements, including compliance with the continuing listing obligations under the SGX Listing Manual. In line with the Listing Rules of the SGX-ST, the Board issues a negative assurance statement in its interim quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Company has also procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1). The Company has put in place the following policies:–

- (a) Standard Operating Procedure Manual;
- (b) Directors' Training Policy;
- (c) Policy on Delegation of Authority;
- (d) Human Resource Policy;
- (e) Investor Relations Policy;
- (f) Financial Risk Management Policy; and
- (g) Policy on Matters reserved for the Board.

10.3 Management will provide directors with monthly management accounts and an analysis of those accounts, when the need arises.

Risk Management And Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines of the Code **Corporate Governance Practices of the Company**

11.1 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.



CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

The process used by the AC to review the effectiveness of the system of internal controls and risk management includes: –

- i. Discussions with Management on risk identified by Management;
- ii. The audit processes;
- iii. The review of internal and external audit plans; and
- iv. The review of significant issues arising from internal and external audits.

11.2 In addition to the work carried out by the external auditors and internal auditors, the Group has engaged KPMG Services Pte Ltd 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.

11.3 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.

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.

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.

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.

The Board has received assurance from the Executive Chairman and the Chief Financial Officer that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances as well as the effectiveness of the Company's risk management and internal control systems.

11.4 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.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Guidelines of the Code

Corporate Governance Practices of the Company

- 12.1 The Audit Committee ("AC"), regulated by a set of written terms of reference, comprises two independent non-executive directors and one non-executive director. The names of the members of the AC are disclosed in **Table 2**.
- 12.2 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.
- 12.3 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.
- 12.4 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.
- Save for the fees paid for audit engagement, the non-audit services provided by the Company's external auditors, KPMG LLP, as disclosed below (under Guideline 12.6 of the Code) 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.
- 12.5 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.
- 12.6 The amount of audit and non-audit fees paid to the external auditors in FY2018 was S\$236,000 and S\$19,000 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 FY2018 and is satisfied that such services would not impair the independence of the external auditors in their conduct of the statutory audit.



CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

12.7 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.

12.8 **Summary of AC's Activities in FY2018**

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;
- (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.

CORPORATE GOVERNANCE REPORT

Guidelines of the Code

Corporate Governance Practices of the Company

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:

Matters considered	Action
Valuation of investment properties – \$134.7 million (80% of Group's total assets)	<p>The Audit Committee evaluated the qualifications and competence of the valuers, and considered the valuation methodologies applied by the valuers.</p> <p>The Audit Committee also held discussions with management and the external auditor to review the appropriateness of key assumptions applied (prices per square foot).</p> <p>As a result of the above procedures, the Audit Committee 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.</p>
Going concern basis of preparation	<p>The Audit Committee 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.</p> <p>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 Audit Committee. The Audit Committee 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.</p> <p>As a result of the above procedures, the Audit Committee 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.</p>

12.9 None of the AC members were previous partners or directors of the existing auditing firm within the previous twelve months and none of the AC members hold any financial interest in the auditing firm.

Rule 1207(6) and Rules 712 and 715 and/or Rule 716 of the SGX-ST Listing Manual

In appointing the audit firms for the Group, the AC and the Board are satisfied that the Group has complied with Listing Rules 712 and 715. Refer to Note 7 "Subsidiaries" of the Notes to the Consolidated Financial Statements for more information.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines of the Code Corporate Governance Practices of the Company

13.1 to 13.4 The internal audit function of the Group has been outsourced to an audit/accounting firm, Nexis TS Risk Advisory Pte Ltd. The Internal Auditors ("IA") report directly and independently to the AC. Being an independent function; the audit work is conducted with impartiality and 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 has full access to all the Group's documents, records, properties and personnel, including the AC.

To ensure the IA is staffed with relevant, qualified and experienced persons, the AC is responsible to select and approve the appointment of the internal auditors (IA), as well as evaluation and compensation of the internal audit function. The IA has confirmed that all its team members are corporate members of the Institute of Internal Auditors ("IIA") and are equipped with and practicing the 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.

13.5 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.

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.

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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines of the Code Corporate Governance Practices of the Company

14.1 All shareholders of the Company receive the Annual Report and notice of Annual General Meeting ("AGM") within the mandatory notice period.

14.2 Shareholders are encouraged to participate at the Company's general meetings. They are allowed to vote in person or appoint proxy in accordance to the Constitution.

14.3 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.

CORPORATE GOVERNANCE REPORT

Communication With Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

**Guidelines
of the Code** Corporate Governance Practices of the Company

- 15.1 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.
- 15.2 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
- 15.3 & 15.4 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.
- 15.5 The Company does not have a dividend policy based on payout ratio. The Company has registered a current year net profit and accumulated losses as at 31 December 2018 and its current priority is to achieve long-term capital growth for the benefit of shareholders, no dividend has been proposed for FY2018. 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.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

**Guidelines
of the Code** Corporate Governance Practices of the Company

- 16.1 Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy.
- 16.2 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.
- 16.3 The Board (including the Chairman of the respective Board Committees), Management, as well as the external auditors attend the Company's AGM to address any question that shareholders may have.
- 16.4 Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of AGM. The minutes of general meetings will be prepared and are available to shareholders upon their request.
- 16.5 To have greater transparency in the voting process, with effect from FY2014, the Company conducts the voting of all its resolutions by poll at all its AGM and EGM. 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.



CORPORATE GOVERNANCE REPORT

Rule 1207(18) of the SGX-ST Listing Rules

DEALING 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.

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.

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 FY2018, 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 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.
3. the subsidiary of the Company, Cimelia Resource Recovery Pte. Ltd., has entered into a tenancy agreement with BS Pantech Pte. Ltd. for rental of warehouse and office at 200 Pandan Loop, Pantech 21.

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 FY2018 Sustainability Report (the "SR"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, by May 2019. This SR will be publicly accessible through Enviro-Hub's website as well as on SGXNet.

CORPORATE GOVERNANCE REPORT

Rule 1207(17) INTERESTED PERSON TRANSACTIONS (“IPTs”)

of the SGX-ST Listing Manual

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 less than S\$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under Shareholders’ Mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
EH Property & Investments Pte Ltd	Shareholder’s loan – Nil (note 1)	–
BS Pantech Pte Ltd	Warehouse and office rental – \$711,122 (note 2)	–
Kranji Development Pte Ltd	–	Construction-related revenue– \$143,713 (note 3)

Notes:

- 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 the financial year ended 31 December 2018, the Company has disbursed an aggregate amount of S\$14,183,733 to EH Property pursuant to the EH Property Shareholder’s Loan, net of part repayment of the EH Property Shareholder’s Loan amounting to \$1,215,298 during the financial year under review.
- The subsidiary of the Company, Cimelia Resource Recovery Pte. Ltd., has entered into a tenancy agreement with BS Pantech Pte. Ltd. for rental of warehouse and office at 200 Pandan Loop, Pantech 21.
- The Company has, at the Company’s AGM held on 24 April 2018, obtained a renewal of the shareholders’ general mandate (“IPT Mandate”) for (i) the grant of corporate guarantees by the Company to banks and financial institutions for banking and financing facilities to be granted to the Company’s subsidiaries which fall within the definition of “interested person” as defined in Chapter 9 of the Listing Manual from time to time; and (ii) the provision of construction-related services by a wholly-owned subsidiary of the Company, Leong Hin Piling (Pte.) Limited, its subsidiaries and associated companies from time to time, or any of them, to Mr Raymond Ng Ah Hua and his associates which are expected to be recurrent in nature. For the financial year ended 31 December 2018, the Group has entered into IPT transactions amounting to S\$143,713 under the IPT Mandate.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2018

Directors	Board of Directors		Nominating Committee		Audit Committee		Remuneration Committee	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Raymond Ng Ah Hua	4	4	1	1	–	–	–	–
Tan Kok Hiang	4	4	1	1	4	4	1	1
Samuel Poon Hon Thang	4	4	1	1	4	4	1	1
Lai Huen Poh	4	4	–	–	4	4	1	1

TABLE 2 – BOARD AND BOARD COMMITTEES AS AT DATE OF REPORT

	Board	Nominating Committee	Audit Committee	Remuneration Committee
Executive Director (“ED”)				
Raymond Ng Ah Hua (Executive Chairman)	Chairman	Member	–	–
Non-Executive Director (“NED”)				
Lai Huen Poh	Member	–	Member	Member
Non-Executive Independent Directors (“NEID”)				
Tan Kok Hiang	Member	Member	Chairman	Chairman
Samuel Poon Hon Thang	Member	Chairman	Member	Member



CORPORATE GOVERNANCE REPORT

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

Name of Director	Age	Date of initial Appointment	Date of last re-election	Present directorships in listed companies	Past preceding (3 years) directorships in listed companies
Raymond Ng Ah Hua	54	28/10/2004	28/04/2016	Enviro-Hub Holdings Ltd	–
Tan Kok Hiang	68	21/05/1999	28/04/2016	(1) Enviro-Hub Holdings Ltd (2) LHT Holdings Ltd (3) Transit-Mixed Concrete Ltd (4) ICP Limited	–
Samuel Poon Hon Thang	69	26/09/2006	24/04/2018	(1) Enviro-Hub Holdings Ltd (2) Soilbuild Construction Group Ltd (3) UOL Group Limited	–
Lai Huen Poh	64	27/05/2008	27/04/2017	(1) Enviro-Hub Holdings Ltd	(1) Rowsley Ltd

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the Directors of the Company for the year ended 31 December 2018 is set out below: –

Name of Directors	Position	Breakdown of Remuneration in Percentage (%)					Actual Total Remuneration in Compensation Bands of \$100,000
		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 (\$'000) of Directors		\$S136,000	\$S696,000	\$S58,000	\$S24,497	\$S914,497	
		15%	76%	6%	3%	100%	

* Nominal amount < 0.01%

Notes:–

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

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 2018 is set out below: –

Name of Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Actual Total Remuneration in Compensation Bands of \$100,000
		Salary	Bonus	Other Benefits	Total	
Tan Lay Mai	CFO/SD	86%	10%	4%	100%	400,001 – 500,000
Jerry Ng Boon Song	SD	79%	7%	14%	100%	100,001 – 200,000
Aung Naing Moe	SD	64%	8%	28%	100%	100,001 – 200,000
Lim Kheng Boon	SD	77%	6%	17%	100%	<100,000
The Aggregate Total Remuneration (\$'000) of Key Management Personnel		\$S612,120	\$S66,810	\$S80,151	\$S759,081	
		80%	9%	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

Year ended 31 December 2018

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 2018.

In our opinion:

- (a) the financial statements set out on pages 41 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 2018 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	401,998,020	417,065,464
Tan Kok Hiang	1,666,666	2,216,666
Samuel Poon Hon Thang	373,333	923,333
Lai Huen Poh	3,131,108	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' STATEMENT

Year ended 31 December 2018

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 2019.

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 29 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 2018	Share awards granted	Share awards vested	Share awards cancelled	Balance as at 31 December 2018
Group Executive Chairman					
Mr Ng Ah Hua	8,168,918	–	–	–	8,168,918

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.

DIRECTORS' STATEMENT

Year ended 31 December 2018

ENVIRO-HUB SHARE AWARD SCHEME (CONTINUED)

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 2018, 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.

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.

DIRECTORS' STATEMENT

Year ended 31 December 2018

AUDIT COMMITTEE (CONTINUED)

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 2019



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 2018, 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 41 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 2018 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 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 – \$134.7 million Refer to Note 6 and Note 32 to the financial statements.	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>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.</p> <p>These investment properties are stated at fair values based on independent external valuations, using the market comparison approach.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p><i>Our findings</i></p> <p>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.</p>	



INDEPENDENT AUDITORS' REPORT

Members of the Company
Enviro-Hub Holdings Ltd.

Going concern basis of preparation Refer to Note 31 to the financial statements.	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As of 31 December 2018, the Group's net current assets was \$3,175,000, a decrease from prior year balance of \$12,659,000. In addition, the Group has loans and borrowings of \$4,111,000 and trade and other payables of \$10,545,000 due within 12 months from 31 December 2018.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>We considered the adequacy of the required disclosures in the financial statements.</p>
<p><i>Our findings</i></p> <p>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.</p>	

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 Directors' Statement 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.



INDEPENDENT AUDITORS' REPORT

Members of the Company
Enviro-Hub Holdings Ltd.

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Enviro-Hub Holdings Ltd.

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 Tornng.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

25 March 2019



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Non-current assets							
Property, plant and equipment	4	15,834	16,833	19,884	105	52	124
Intangible assets	5	–	–	–	–	–	–
Investment properties	6	134,700	139,350	546,720	–	–	–
Subsidiaries	7	–	–	–	46,676	28,717	18,298
Joint venture	8	–	–	–	–	–	–
Other investments	9	–	*	5,224	–	–	5,224
Trade and other receivables	10	10	8	69	–	–	–
		<u>150,544</u>	<u>156,191</u>	<u>571,897</u>	<u>46,781</u>	<u>28,769</u>	<u>23,646</u>
Current assets							
Trade and other receivables	10	9,061	9,494	17,013	9,775	22,246	51,974
Inventories	11	2,087	1,242	2,725	–	–	–
Cash and cash equivalents	13	5,376	21,266	3,107	493	9,819	53
Assets held for sale	14	1,350	–	3,180	–	–	–
		<u>17,874</u>	<u>32,002</u>	<u>26,025</u>	<u>10,268</u>	<u>32,065</u>	<u>52,027</u>
Total assets		<u>168,418</u>	<u>188,193</u>	<u>597,922</u>	<u>57,049</u>	<u>60,834</u>	<u>75,673</u>
Equity attributable to owners of the Company							
Share capital	15	96,158	95,888	95,888	96,158	95,888	95,888
Foreign currency translation reserve	16	354	239	–	–	–	–
Other reserve	17	(6,852)	(6,852)	(6,852)	–	–	–
Accumulated losses		(41,426)	(35,643)	(25,453)	(59,996)	(58,880)	(80,053)
		<u>48,234</u>	<u>53,632</u>	<u>63,583</u>	<u>36,162</u>	<u>37,008</u>	<u>15,835</u>
Non-controlling interests	18	(4,675)	(10,663)	19,929	–	–	–
Total equity		<u>43,559</u>	<u>42,969</u>	<u>83,512</u>	<u>36,162</u>	<u>37,008</u>	<u>15,835</u>
Non-current liabilities							
Loans and borrowings	19	93,983	105,308	366,978	–	–	–
Deferred tax liabilities	20	–	–	278	–	–	–
Trade and other payables	21	16,177	20,573	63,685	–	3,228	11,680
		<u>110,160</u>	<u>125,881</u>	<u>430,941</u>	<u>–</u>	<u>3,228</u>	<u>11,680</u>
Current liabilities							
Loans and borrowings	19	4,111	4,202	58,448	–	–	30,000
Trade and other payables	21	10,545	15,106	23,958	20,887	20,598	18,158
Current tax payable		43	35	1,063	–	–	–
		<u>14,699</u>	<u>19,343</u>	<u>83,469</u>	<u>20,887</u>	<u>20,598</u>	<u>48,158</u>
Total liabilities		<u>124,859</u>	<u>145,224</u>	<u>514,410</u>	<u>20,887</u>	<u>23,826</u>	<u>59,838</u>
Total equity and liabilities		<u>168,418</u>	<u>188,193</u>	<u>597,922</u>	<u>57,049</u>	<u>60,834</u>	<u>75,673</u>

* Denotes amount < \$1,000

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 2018

	Note	Group	
		2018 \$'000	2017 \$'000
Continuing operations			
Revenue	22	26,248	61,002
Cost of sales		(20,124)	(43,278)
Gross profit		6,124	17,724
Other income	23	6,744	25,035
Selling and distribution expenses		(2,133)	(2,546)
General and administrative expenses		(3,958)	(6,031)
(Allowance for)/reversal of allowance for impairment loss on trade and other receivables		(93)	150
Other expenses	24	(106)	(61,669)
Results from operating activities		6,578	(27,337)
Finance income	25	19	78
Finance costs	25	(2,872)	(12,603)
Net finance costs		(2,853)	(12,525)
Profit/(loss) before taxation	26	3,725	(39,862)
Income tax expense	27	(34)	(727)
Profit/(loss) for the year		3,691	(40,589)
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		208	46
Other comprehensive income for the year		208	46
Total comprehensive income for the year		3,899	(40,543)
Profit/(loss) attributable to:			
Owners of the Company		520	(10,190)
Non-controlling interests		3,171	(30,399)
Profit/(loss) for the year		3,691	(40,589)
Total comprehensive income attributable to:			
Owners of the Company		635	(9,951)
Non-controlling interests		3,264	(30,592)
Total comprehensive income for the year		3,899	(40,543)
Earnings/(loss) per share:			
Basic and diluted (cents)	28	0.05	(0.99)

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

Note	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 2017	95,888	(6,936)	(6,852)	(18,517)	63,583	19,929	83,512
Adjustment on initial adoption of SFRS(I) 1	37	–	6,936	–	(6,936)	–	–
Restated as at 1 January 2017	95,888	–	(6,852)	(25,453)	63,583	19,929	83,512
Total comprehensive income for the year							
Loss for the year	–	–	–	(10,190)	(10,190)	(30,399)	(40,589)
Other comprehensive income							
Translation differences relating to financial statements of foreign operations and a subsidiary with functional currency in foreign currency	–	239	–	–	239	(193)	46
Total other comprehensive income	–	239	–	–	239	(193)	46
Total comprehensive income for the year	–	239	–	(10,190)	(9,951)	(30,592)	(40,543)
Restated as at 31 December 2017	95,888	239	(6,852)	(35,643)	53,632	(10,663)	42,969
At 1 January 2018	95,888	239	(6,852)	(35,643)	53,632	(10,663)	42,969
Adjustment – SFRS(I) 9 (net of tax)	37	–	–	–	–	–	–
Restated as 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 CASH FLOWS

Year ended 31 December 2018

	Note	2018 \$'000	Group 2017 \$'000
Cash flows from operating activities			
Profit/(loss) for the year		3,691	(40,589)
Adjustments for:			
Allowance for/(reversal of allowance for) impairment loss on trade and other receivables		93	(150)
Allowance for/(reversal of allowance for) write-down of inventories	11	84	(229)
Amortisation of deferred income		–	(233)
Depreciation of property, plant and equipment	4	2,084	3,142
Fair value (gain)/loss on investment properties	6	(6,266)	26,536
Finance costs	25	2,872	12,603
Finance income	25	(19)	(78)
Gain on disposal of property, plant and equipment	23	(28)	(281)
Gain on disposal of other investments	23	–	(24,038)
Loss on disposal of a subsidiary	24	–	34,664
Impairment loss on property, plant and equipment	4	–	413
Income tax expense		34	727
Property, plant and equipment written off	24	59	–
Share-based payment transactions		(10)	–
		2,594	12,487
Changes in working capital:			
Inventories		(910)	1,535
Trade and other receivables		441	7,271
Trade and other payables		(4,890)	(7,318)
Cash (used in)/generated from operating activities		(2,765)	13,975
Income taxes paid		(26)	(517)
Net cash (used in)/from operating activities		(2,791)	13,458
Cash flows from investing activities			
Purchase of property, plant and equipment (Note A)	4	(1,128)	(1,224)
Interest received	25	19	78
Net proceeds from disposal of a subsidiary	35	–	41,708
Payment for renovation of investment properties	6	–	(12)
Proceeds from disposal of other investments		–	24,038
Proceeds from disposal of property, plant and equipment		44	860
Proceeds from disposal of asset held for sale		9,710	13,514
Receipt of repayment of quasi-equity loans from a related company		–	5,224
Net cash from investing activities		8,645	84,186
Cash flows from financing activities			
Dividend paid		(3,299)	–
Withdrawal of/(pledging of) fixed deposits		72	(406)
Interest paid		(2,667)	(11,853)
Repayment of interest bearing loan to a related company		–	(3,910)
Repayment of non-interest bearing loans to a related party		(3,228)	(4,547)
Repayment of non-interest bearing loans to a non-controlling interest		(1,168)	(32,539)
Payment of finance lease liabilities		(151)	(422)
Repayment of short-term loans and borrowings		–	(2,455)
Repayment of long-term loans and borrowings		(11,265)	(21,498)
Net cash used in financing activities		(21,706)	(77,630)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		(15,852)	20,014
Effect of exchange rate fluctuations on cash held		19,860	(127)
Cash and cash equivalents at 31 December	13	4,042	19,860

Note A

In 2018, the Group acquired property, plant and equipment with an aggregate cost of \$369,000 (note 4) under bank loans and 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 2018

	Cash and cash equivalents (note 13)		Loans and borrowings (note 19)		Trade and other payables (note 21)			Total \$'000		
	Pledged fixed deposits \$'000	Bank overdrafts \$'000	Other loans and borrowings \$'000	Trust receipts \$'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		Interest bearing loan due to a related company \$'000	Other accruals (includes interest expenses) \$'000
Balance as at 1 January 2017	(1,000)	2,234	409,644	12,746	802	7,775	47,334	3,910	3,825	487,270
Changes from financing cash flows										
Fixed deposits pledged	(406)	-	-	-	-	-	-	-	-	(406)
Repayment of interest bearing loan to a related company	-	-	-	-	-	-	-	(3,910)	-	(3,910)
Repayment of non-interest bearing loans to a related party	-	-	-	-	-	(4,547)	-	-	-	(4,547)
Repayment of non-interest bearing loans to a non-controlling interest	-	-	-	-	-	-	(32,539)	-	-	(32,539)
Payment of finance lease liabilities	-	-	-	-	(422)	-	-	-	-	(422)
Repayment of short-term loans and borrowings	-	-	-	(2,455)	-	-	-	-	-	(2,455)
Repayment of long-term loans and borrowings	-	-	(12,012)	(9,486)	-	-	-	-	-	(21,498)
Interest paid	-	-	-	-	-	-	-	-	(11,853)	(11,853)
Total changes from financing cash flows	(406)	-	(12,012)	(11,941)	(422)	(4,547)	(32,539)	(3,910)	(11,853)	(77,630)
Changes arising from disposal of a subsidiary	-	-	(288,500)	-	-	-	-	-	(1,003)	(289,503)
The effect of changes in foreign exchange	-	-	-	(805)	(2)	-	-	-	-	(807)
Other changes										
Changes in bank overdraft	-	(2,234)	-	-	-	-	-	-	-	(2,234)
Changes in other payables	-	-	-	-	-	-	-	-	(1,092)	(1,092)
Interest expenses	-	-	-	-	-	-	-	-	12,603	12,603
Total liability related other changes	-	(2,234)	-	-	-	-	-	-	11,511	9,277
Balance as at 31 December 2017	(1,406)	-	109,132	-	378	3,228	14,795	-	2,480	128,607

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 2018

	Cash and cash equivalents (note 13)		Loans and borrowings (note 19)			Trade and other payables (note 21)			Total \$'000	
	Pledged fixed deposits \$'000	Bank overdrafts \$'000	Other loans and borrowings \$'000	Trust receipts \$'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	Interest bearing loan due to a related company \$'000		Other accruals (includes interest expenses) \$'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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 2019.

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 200 Pandan Loop, #05-01 Pantech 21, Singapore 128388.

The financial statements of the Group as at and for the year ended 31 December 2018 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)). These are the Company's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 37.

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.

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 7 – estimation of recoverable amounts of investment in subsidiaries
- Note 31 – measurement of expected credit loss (ECL) allowance for trade and other receivables
- Note 32 – fair value determination of investment properties, cranes and piling machineries



3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

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.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, 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 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 transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(i) *Business combinations (continued)*

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(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) *Investments in associates and joint ventures (equity-accounted investees)*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(v) *Investments in associates and joint ventures (equity-accounted investees) (continued)*

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) *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.

(vii) *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.

(viii) *Subsidiaries and joint ventures in separate financial statements*

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (continued)

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 OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (translation reserve) in equity. 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.

3.3 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (continued)

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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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. Construction asset in progress is not depreciated.

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3.6 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 – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as:

- amortised cost; or
- fair value through other comprehensive income ("FVOCI"); or
- FVTPL.

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)

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

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.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018 (continued)

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).

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 – Policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets – Policy applicable before 1 January 2018

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including financial assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments).

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less 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, pledged deposits are excluded whilst 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.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018 (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 January 2018:

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

3.7 Impairment

Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

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

- financial assets measured at amortised cost;
- intra-group financial guarantee contracts (“FGCs”); and
- 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.

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 and FGCs. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

General approach (continued)

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 Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI 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;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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, even if the financial assets are still subject to enforcement activities. 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.

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss, including interest in joint venture is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

Policy applicable before 1 January 2018 (continued)

Loans and receivables and contract assets

The Group considers evidence of impairment for loans and receivables and contract assets at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognised previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.1. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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)

Policy applicable before 1 January 2018 (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 Current assets held for sale

Current asset, or disposal groups comprising assets and liabilities 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, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to individual assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets and investment property, which continue to be measured in accordance with the Group's accounting policies. 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 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 performance obligations.

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

Construction contracts

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue (continued)

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'.

3.12 Government grants

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

3.13 Leases

When entities within the Group are lessees of a finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When entities within the Group are lessees of an operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of that specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 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. 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.

3.15 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 other comprehensive income.

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.

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 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.

3.17 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.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 38.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 2017	16,371	37,323	1,353	408	2,739	1,226	19,606	79,026
Additions	–	131	23	–	113	535	422	1,224
Disposals/write offs	–	(4,579)	(44)	(251)	(1,096)	(507)	(289)	(6,766)
Effect of movement in exchange rates	–	(675)	(26)	(13)	(48)	(38)	211	(589)
At 31 December 2017	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
Accumulated depreciation and impairment loss								
At 1 January 2017	5,758	28,945	1,240	383	2,174	1,036	19,606	59,142
Depreciation charge for the year	1,118	1,300	72	12	541	99	–	3,142
Impairment loss	–	413	–	–	–	–	–	413
Disposals/write offs	–	(3,972)	(33)	(245)	(1,092)	(468)	(289)	(6,099)
Effect of movement in exchange rates	–	(667)	(18)	(13)	(43)	(21)	226	(536)
At 31 December 2017	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
Carrying amounts								
At 1 January 2017	10,613	8,378	113	25	565	190	–	19,884
At 31 December 2017	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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles \$'000	Office equipment \$'000	Renovations \$'000	Total \$'000
Company				
Cost				
At 1 January 2017	95	349	–	444
Additions	–	4	14	18
Disposals/write offs	–	(34)	–	(34)
At 31 December 2017	95	319	14	428
Additions	75	8	–	83
Disposals/write offs	–	(4)	–	(4)
At 31 December 2018	170	323	14	507
Accumulated depreciation				
At 1 January 2017	57	263	–	320
Depreciation charge for the year	10	78	2	90
Disposals/write offs	–	(34)	–	(34)
At 31 December 2017	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
Carrying amounts				
At 1 January 2017	38	86	–	124
At 31 December 2017	28	12	12	52
At 31 December 2018	90	8	7	105

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 (2017: \$832,000; 1 Jan 2017: \$1,522,000) for the Group.

Security

At 31 December 2018, various property, plant and equipment of the Group with the following carrying amounts were pledged to secure bank loans and borrowings (see note 19):

	Group		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Leasehold property	8,772	9,298	9,825
Plant and machineries	300	1,233	2,734
	9,072	10,531	12,559



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment loss and subsequent reversal

The Group assesses at the end of the financial year whether there are any indications that property, plant and equipment, intangible assets, and other assets are impaired. If any such indication exists, the Group shall estimate the recoverable amount of the assets.

In assessing whether there is any indication that an asset may be impaired, the Group considers any changes in the asset's market value, changes in the technological, market, economic or legal environment, movements in market interest rates and other market rates of return on investments that are likely to affect the discount rate used in calculating the asset's value in use, evidence of obsolescence or physical damage of the asset that the economic performance of the asset is, or will be, worse than expected, other changes with an adverse effect on the Group.

Cranes and piling machineries

In 2017, due to changes in market condition for cranes and piling machineries, impairment loss of \$413,000 (1 Jan 2017: \$185,000) was recognised as other expenses in profit or loss. The estimates of recoverable amounts of \$6,188,000 (1 Jan 2017: \$7,831,000), based on fair value less costs to sell, were supported by valuation reports obtained from an independent professional valuer. The fair values of the relevant cranes and piling machineries determined by the independent professional valuer were based on the estimated selling price utilising an open market value basis. The fair value measurement of the relevant cranes and piling machineries has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 32).

5 INTANGIBLE ASSETS

	Patented technology \$'000
Cost	
At 1 January 2017, 31 December 2017 and 31 December 2018	<u>4,600</u>
Accumulated amortisation and impairment loss	
At 1 January 2017, 31 December 2017 and 31 December 2018	<u>4,600</u>
Carrying amounts	
At 1 January 2017, 31 December 2017 and 31 December 2018	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

6 INVESTMENT PROPERTIES

	Note	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000
At 1 January		139,350	546,720	562,610
Additions – renovations		–	12	–
Change in fair value				
- Fair value gain	23	6,266	–	4,500
- Fair value loss	24	–	(26,536)	(17,210)
		6,266	(26,536)	(12,710)
Classified as current assets held for sale	14	(1,350)	–	(3,180)
Disposals of strata units		(9,566)	(10,334)	–
Disposal of a subsidiary	35	–	(370,512)	–
At 31 December		134,700	139,350	546,720

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 expenses. All gains and losses are unrealised. The fair value measurement of the investment properties is disclosed in note 32.

Security

Investment properties are pledged as security to secure bank loans and borrowings (see note 19).

7 SUBSIDIARIES

	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Unquoted equity shares, at cost	221,871	196,421	186,083
Impairment loss	(189,378)	(167,704)	(167,785)
	32,493	28,717	18,298
Loans to a subsidiary	14,183	–	–
	46,676	28,717	18,298

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 expenses and decrease non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 SUBSIDIARIES (CONTINUED)

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

	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
At 1 January	167,704	167,785	167,704
Impairment loss	21,674	–	81
Amounts written off	–	(81)	–
At 31 December	189,378	167,704	167,785

Due to delay in commencement of operations of ReEnviro (Thailand) Co. Ltd (“ReEnviro”), a 99.99% owned subsidiary, the Company’s investment in ReEnviro was impaired in 2016. The Company determined that the recoverable amount was lower than the carrying value and consequently, impairment loss of \$81,000 was recognised as part of other expenses in the Company’s profit or loss in 2016. ReEnviro has been struck off in 2017.

During the year, 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.

The 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 (see note 37).

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group		
			2018 %	2017 %	1 Jan 2017 %
Cimelia Resource Recovery Pte Ltd ^{1,9}	E-waste recycling and PGM refining	Singapore	100	100	100
EH Property & Investments Pte Ltd ¹	Investment holding	Singapore	51	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	100
Enviro Investments Pte Ltd ²	Investment holding	Singapore	100	100	100
Enviro-Power Pte Ltd ^{1,4,9}	Converting plastics to fuel and investment holding	Singapore	39	39	39
Enviro Property Pte Ltd ^{1,4,5}	Property holding	Singapore	100	39	39
HLS Electronics Pte Ltd ¹	Recycling and trading of e-waste	Singapore	80.25	80.25	80.25
Leong Hin Piling (Pte.) Limited ¹	Piling contractor	Singapore	100	100	100
ReEnviro (Thailand) Co. Ltd ⁶	Recycling, recovery, refining and trading of electronic waste and precious metals	Thailand	–	–	99.99

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group		
			2018 %	2017 %	1 Jan 2017 %
<u>Held by Enviro-Power Pte Ltd</u>					
Enviro Restorer S R L ^{2,3,4}	Converting plastics to fuel	Italy	39	39	39
Enviro Restorer (Como) S R L ^{2,3,4,7}	Converting plastics to fuel	Italy	–	39	39
<u>Held by Leong Hin Piling (Pte.) Limited</u>					
Leong Hin Builders Pte Ltd ¹	Building and construction related engineering and technical services	Singapore	100	100	100
<u>Held by EH Property & Investments Pte Ltd</u>					
EH Property Management Pte Ltd ¹	Commercial and industrial real estate management	Singapore	51	51	51
QF Properties Pte Ltd ¹	Investment holding	Singapore	51	51	51
F2S1 Investment Pte Ltd ⁸	Real estate-related investments and activities	Singapore	–	–	51
<u>Held by QF Properties Pte Ltd</u>					
QF 1 Pte Ltd ¹	Real estate activities with own or leased property	Singapore	51	51	51
QF 3 Pte Ltd ¹	Real estate activities with own or leased property	Singapore	51	51	51
QF 4 Pte Ltd ¹	Real estate activities with own or leased property	Singapore	51	51	51
QF 7 Pte Ltd ¹	Real estate activities with own or leased property	Singapore	51	51	51
QF 8 Pte Ltd ¹	Real estate activities with own or leased property	Singapore	51	51	51
QF 9 Pte Ltd ¹	Real estate activities with own or leased property	Singapore	51	51	51
<u>Held by HLS Electronics Pte Ltd</u>					
HLS Property Pte Ltd ¹⁰	Property holding	Singapore	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 struck off during financial year 2017.

7 The entity was liquidated via voluntary liquidation during financial year 2018.

8 The entity was disposed during financial year 2017.

9 The entity has increased investment from the Company as a result of the Company's debt forgiveness on certain amount due from the subsidiary.

10 The entity was incorporated on 20 December 2018.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 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 VENTURE AND JOINT OPERATION

Joint venture

	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000
Interest in joint venture	–	–	24
Capital reduction	–	–	(16)
Impairment loss	–	–	(8)
	–	–	–

Details of the joint venture are as follows:

Name of joint venture	Principal activities	Country of incorporation	Effective equity interest held by the Group		
			2018 %	2017 %	1 Jan 2017 %
Plastic to Fuel S R L ¹	Construction, operation and maintenance of plastics to fuel plant and marketing of PTF final products and by-products	Italy	–	–	50

¹ Dormant as at 31 December 2016.

Plastic to Fuel S R L is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Plastic to Fuel S R L as a joint venture, which is equity-accounted. In 2017, this entity has been liquidated via voluntary liquidation under the Como Chamber of Commerce in Italy.

The financial information of the joint venture held by the Group is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8 JOINT VENTURE AND JOINT OPERATION (CONTINUED)

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 OTHER INVESTMENTS

	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Non-current investments						
Financial assets designated at fair value through profit or loss:						
– Equity securities (quoted)	–	*	*	–	–	–
Available-for-sale financial assets:						
– Equity securities (unquoted)	–	–	*	–	–	*
– Quasi-equity loan to a related company	–	–	5,224	–	–	5,224
	–	*	5,224	–	–	5,224

* Denotes amount < \$1,000

The quasi-equity loan has been fully repaid as a result of the Group's disposal of its unquoted equity investments in a related company.

The Group and the Company's exposure to market risk and fair value information related to other investments are disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

10 TRADE AND OTHER RECEIVABLES

	Note	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Trade receivables		3,168	1,650	2,558	–	–	–
Amounts due from a related party (trade)		1,795	1,795	3,590	–	–	–
Impairment losses		(292)	(250)	(439)	–	–	–
		4,671	3,195	5,709	–	–	–
Accrued trade receivables		2,443	3,537	2,792	–	–	–
Impairment losses		(103)	(69)	(69)	–	–	–
		2,340	3,468	2,723	–	–	–
Amounts due from subsidiaries:							
– interest bearing loans		–	–	–	5,494	–	18,454
– non-interest bearing loans		–	–	–	563	37,052	49,266
– trade		–	–	–	3,503	7,846	6,313
– non-trade		–	–	–	765	2,443	2,403
Impairment losses		–	–	–	(581)	(25,112)	(25,041)
		–	–	–	9,744	22,229	51,395
Other deposits		544	646	442	7	–	–
Other receivables		1,230	1,820	746	1	2	329
Impairment losses		(19)	(17)	–	–	–	–
		1,211	1,803	746	1	2	329
Financial assets at amortised cost/Loans and receivables		8,766	9,112	9,620	9,752	22,231	51,724
Contract assets	12	–	8	6,152	–	–	–
Prepayments		305	382	1,310	23	15	250
		9,071	9,502	17,082	9,775	22,246	51,974
Representing:							
Non-current		10	8	69	–	–	–
Current		9,061	9,494	17,013	9,775	22,246	51,974
		9,071	9,502	17,082	9,775	22,246	51,974

As at 31 December 2018, non-current and current trade and other receivables of the Group include retention sums of \$10,000 and \$2,277,000 (2017: \$8,000 and \$2,146,000; 1 Jan 2017: \$69,000 and \$4,001,000) respectively.

The interest-bearing loans to subsidiaries are unsecured, bear interest of 2.00% (2017: 2.00%; 1 Jan 2017: 2.00%) and are repayable on demand. The non-interest bearing loans to subsidiaries, trade and non-trade amounts 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 31.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

11 INVENTORIES

	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000
Trading inventories	2,030	1,199	2,683
Raw materials and consumables	57	43	42
	<u>2,087</u>	<u>1,242</u>	<u>2,725</u>

During the year, inventories of \$8,778,000 (2017: \$16,453,000; 1 Jan 2017: \$35,337,000) were recognised as an expense and included in cost of sales. In addition, following a review of the net realisable value of the inventories, the Group provided an allowance for write-down of inventories of \$84,000 (2017: reversal of \$229,000; 1 Jan 2017: reversal of \$132,000).

12 CONTRACT ASSETS

The contract assets primarily relate to the Group's right to consideration for construction work completed but not billed at the reporting date on the joint arrangement formed with SB Procurement Pte Ltd to jointly develop a 7-storey multiple-user general industrial development at 60 Jalan Lam Huat, Singapore 737869. The joint development project has been completed in 2017.

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of surveying engineers to determine the progress of the construction. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

13 CASH AND CASH EQUIVALENTS

Note	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Bank balances	3,542	19,657	1,904	493	9,819	53
Deposits with financial institutions	1,834	1,609	1,203	–	–	–
Cash and cash equivalents in the statements of financial position	5,376	21,266	3,107	493	9,819	53
Bank overdrafts	19	–	(2,234)	–	–	–
Deposits pledged	19	(1,334)	(1,000)	–	–	–
Cash and cash equivalents in the consolidated statement of cash flows	4,042	19,860	(127)	493	9,819	53

The effective interest rates relating to deposits with financial institutions at 31 December 2018 for the Group range between 0.25% to 2.40% (2017: 0.25% to 1.05%; 1 Jan 2017: 0.25% to 1.20%). 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 19).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14 ASSETS HELD FOR SALE

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 is expected to be completed in March 2019. The strata unit is measured at fair value of \$1,350,000 as at 31 December 2018, 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 32.

On 23 December 2016, management committed to a plan to sell two strata units of an investment property held by a subsidiary of the Group, QF 1 Pte Ltd. Accordingly the two strata units are classified as current assets held for sale and disclosed separately in the consolidated statement of financial position as at 31 December 2016. The sale was completed in February 2017. The two strata units are measured at fair value of \$3,180,000 as at 31 December 2016, with fair value loss of \$1,855,000 recognised in profit or loss in 2016.

15 SHARE CAPITAL

	Group and Company	
	Number of shares 2018 '000	Number of shares 2017 '000
Fully paid ordinary shares, with no par value:		
At 1 January	1,026,650	1,026,650
Issuance of shares	7,096	–
At 31 December	<u>1,033,746</u>	<u>1,026,650</u>

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15 SHARE CAPITAL (CONTINUED)

Share Award Scheme (continued)

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.

16 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.

17 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.

18 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		
			2018 %	2017 %	1 Jan 2017 %
EH Property & Investments Pte Ltd	Singapore	Property investments and management	49	49	49
Enviro-Power Pte Ltd	Singapore	Plastics to fuel refining	61	61	61
HLS Electronics Pte Ltd	Singapore	Trading, recycling and refining of e-waste/metals	19.75	19.75	19.75

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

18 NON-CONTROLLING INTERESTS (CONTINUED)

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 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		
31 December 2017					
Revenue	17,998	1,368	9,410		
(Loss)/profit	(62,222)	493	970		
Other comprehensive income (OCI)	–	(316)	–		
Total comprehensive income	(62,222)	177	970		
Attributable to NCI:					
– (Loss)/profit	(30,489)	301	192	(403)	(30,399)
– OCI	–	(193)	–	–	(193)
– Total comprehensive income	(30,489)	108	192	(403)	(30,592)
Non-current assets	139,415	9,314	74		
Current assets	8,176	7,120	9,022		
Non-current liabilities	(109,486)	(12,985)	–		
Current liabilities	(24,990)	(33,730)	(704)		
Net assets/(liabilities)	13,115	(30,281)	8,392		
Net assets/(liabilities) attributable to NCI	6,426	(18,471)	1,657	(275)	(10,663)
Cash flows from operating activities	3,276	569	2,437		
Cash flows from investing activities	27,934	–	113		
Cash flows (used in)/from financing activities	(24,556)	91	(2,236)		
Net increase in cash and cash equivalents	6,654	660	314		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

18 NON-CONTROLLING INTERESTS (CONTINUED)

	EH Property & Investments Pte Ltd \$'000	Enviro-Power Pte Ltd \$'000	HLS Electronics Pte Ltd \$'000	Intra-group eliminations \$'000	Total \$'000
1 January 2017					
Revenue	19,567	–	15,522		
(Loss)/profit	(11,844)	(2,126)	620		
Other comprehensive income (OCI)	–	77	–		
Total comprehensive income	(11,844)	(2,049)	620		
Attributable to NCI:					
– (Loss)/profit	(5,804)	(1,297)	122	46	(6,933)
– OCI	–	47	–	–	47
– Total comprehensive income	(5,804)	(1,250)	122	46	(6,886)
Non-current assets	547,247	9,848	113		
Current assets	7,015	208	10,809		
Non-current liabilities	(408,449)	(5,720)	(7)		
Current liabilities	(70,480)	(34,460)	(3,493)		
Net assets/(liabilities)	75,333	(30,124)	7,422		
Net assets/(liabilities) attributable to NCI	36,913	(18,376)	1,466	(74)	19,929
Cash flows from/(used in) operating activities	14,581	(1,033)	2,670		
Cash flows from/(used in) investing activities	2,364	1	(34)		
Cash flows (used in)/from financing activities	(16,876)	922	(3,105)		
Net increase/(decrease) in cash and cash equivalents	69	(110)	(469)		

19 LOANS AND BORROWINGS

	Note	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Non-current liabilities							
Secured bank loans		93,870	105,127	366,566	–	–	–
Finance lease liabilities		113	181	412	–	–	–
		93,983	105,308	366,978	–	–	–
Current liabilities							
Unsecured bank overdrafts		–	–	685	–	–	–
Secured bank overdrafts		–	–	1,549	–	–	–
	13	–	–	2,234	–	–	–
Secured bank loans		3,997	4,005	43,078	–	–	30,000
Secured trust receipts		–	–	12,746	–	–	–
Finance lease liabilities		114	197	390	–	–	–
		4,111	4,202	58,448	–	–	30,000
Total loans and borrowings		98,094	109,510	425,426	–	–	30,000



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

19 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	2018		2017		1 Jan 2017	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group									
S\$ floating rate loans I	COF [^] + 1.75%	(a)	2017 – 2025	–	–	–	–	6,376	6,376
S\$ floating rate loans II	COF [^] + 2.00%		2017	–	–	–	–	500	500
S\$ floating rate loans III	EBR [#] – 2.85%	(b)(d)(f)(g)	2017 – 2029	86,995	86,995	97,092	97,092	110,115	110,115
S\$ floating rate loans IV	SOR* + 1.75% – 3.50%	(c)	2017 – 2020	–	–	–	–	262,000	262,000
S\$ floating rate loans V	SIBOR* + 2.50%	(e)(f)	2017 – 2018	–	–	46	46	653	653
S\$ floating rate loan VI	SOR* + 3.50% – 4.50%	(c)(f)	2017	–	–	–	–	30,000	30,000
S\$ floating rate loan VII	EBR [#] – 2.75% – 3.00%	(a)(f)	2025	5,069	5,069	5,785	5,785	–	–
S\$ floating rate loan VIII	EBR [#] – 2.00%	(a)(f)	2025	5,570	5,570	6,209	6,209	–	–
S\$ floating rate loan IX	COF [^] + 2.00%	(e)	2023	233	233	–	–	–	–
S\$ finance lease liabilities	1.50% – 2.78%	(i)	2017 – 2023	237	227	393	378	834	802
S\$ trust receipts	1.98% – 3.32%	(a)(c)(f)(h)	2017	–	–	–	–	6,109	6,109
US\$ trust receipts	1.84% – 2.32%	(a)(c)(f)(h)	2017	–	–	–	–	6,637	6,637
Secured S\$ bank overdrafts	Prime lending rate + 0.50%		2017	–	–	–	–	1,549	1,549
Unsecured S\$ bank overdrafts	Prime lending rate + 0.25% – 0.75%		2017	–	–	–	–	685	685
				98,104	98,094	109,525	109,510	425,458	425,426
Company									
S\$ floating rate loan	SOR* + 3.50% – 4.50%	(c)(f)	2017	–	–	–	–	30,000	30,000

[^] The respective bank's cost of funds.

* Singapore Swap Offer Rate (SOR) and Singapore Interbank Offer Rate (SIBOR) represent the average cost of funds used by banks in Singapore for commercial lending.

The respective bank's enterprise base rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

19 LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule (continued)

In 2017, the Group has settled its Singapore Dollar denominated floating rate loans IV and VI with the consideration received from the disposal of a subsidiary (see note 35).

The loans and borrowings' securities are as follows:

- (a) First legal mortgages over a leasehold property with carrying amount of \$8,772,000 (2017: \$9,298,000; 1 Jan 2017: First and second legal mortgages of \$9,825,000);
- (b) First legal mortgages over investment properties, including a strata unit classified as current asset held for sale (see note 14) with carrying amounts of \$136,050,000 (2017: \$139,350,000; 1 Jan 2017: \$179,400,000);
- (c) First, second and third legal mortgages over an investment property with carrying amount of \$370,500,000 as at 31 December 2016. In 2017, the legal mortgages were discharged as a result of the disposal of a subsidiary (see note 35);
- (d) Fixed deposits amounting to \$1,334,000 (2017: \$1,406,000; 1 Jan 2017: \$1,000,000);
- (e) Fixed charges on certain plant and machineries with carrying amount of \$300,000 (2017: \$1,233,000; 1 Jan 2017: \$2,734,000);
- (f) Guarantees by the Executive Chairman of the Company;
- (g) Fixed charges on 200 million shares of the Company held by the Executive Chairman (2017: 200 million shares; 1 Jan 2017: 200 million shares);
- (h) Fixed charges on inventories with carrying amount of \$2,725,000 as at 31 December 2016. The fixed charges were discharged in 2017; and
- (i) Property, plant and equipment with carrying amount of \$553,000 (2017: \$832,000; 1 Jan 2017: \$1,522,000) (see note 4).

Finance lease liabilities

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

	2018			2017			1 Jan 2017		
	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000
Group									
Payable within									
1 year	114	6	120	197	9	206	390	18	408
Payable after 1 year									
but within									
5 years	113	4	117	181	6	187	412	14	426
Total	227	10	237	378	15	393	802	32	834

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 31.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000
Accrued trade receivables	–	–	1,640

Movements in deferred tax liabilities during the year are as follows:

	At 1 January 2017 \$'000	Recognised in profit or loss (note 27) \$'000	Disposal of a subsidiary (note 35) \$'000	At 31 December 2017 \$'000	Recognised in profit or loss (note 27) \$'000	Disposal of a subsidiary (note 35) \$'000	At 31 December 2018 \$'000
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Group

Deferred tax liabilities

Accrued trade receivables	278	(101)	(177)	–	–	–	–
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21 TRADE AND OTHER PAYABLES

	Note	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Deferred income	(i)	–	–	238	–	–	–
Trade payables		5,678	6,447	6,783	29	42	39
Project costs accruals		168	1,658	2,744	–	–	–
Deposit received from disposal of other investments		–	–	2,300	–	–	2,300
Other accruals		1,709	2,480	3,825	499	621	2,148
Other payables		2,990	4,521	7,983	33	96	695
Amount due to a director		–	–	85	–	–	85
Amounts due to non-controlling interests:							
– non-interest bearing loan	(ii)	13,627	14,795	47,334	–	–	–
– non-trade	(iii)	2,550	2,550	4,659	–	–	–
Amounts due to a related company:							
– interest bearing loan	(iv)	–	–	3,910	–	–	3,910
– non-trade	(ii)	–	–	7	–	–	7
Amounts due to a related party:							
– non-interest bearing loans	(ii)	–	3,228	7,775	–	3,228	7,763
Amounts due to subsidiaries:							
– interest bearing loan	(v)	–	–	–	17,800	18,832	10,728
– non-trade	(vi)	–	–	–	2,526	1,007	2,163
		26,722	35,679	87,643	20,887	23,826	29,838
Representing:							
Non-current		16,177	20,573	63,685	–	3,228	11,680
Current		10,545	15,106	23,958	20,887	20,598	18,158
		26,722	35,679	87,643	20,887	23,826	29,838

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

21 TRADE AND OTHER PAYABLES (CONTINUED)

- (i) The deferred income on sale and leaseback relates to the excess profit (the excess of the sale price over the fair value) arising from the sale and leaseback of a leasehold property previously held by the Group. The excess profit were deferred and amortised over the lease period of 10 years.
- (ii) 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 2020.
- (iii) 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 2020.
- (iv) The amounts are due to a company where an Executive Director of the Company has controlling interest. The amounts are unsecured, bear interest from 2.85% to 3.25% and fully repaid in 2017.
- (v) The amounts are unsecured, bear interest at 2.00% (2017: 2.00%; 1 Jan 2017: 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 31.

22 REVENUE

	2018 \$'000	2017 \$'000
Sales of goods	13,209	22,711
Revenue from construction contracts	144	12,774
Revenue from piling contracts	8,793	6,321
Rental income from investment properties	3,320	17,998
Revenue from rental of machinery and equipment	306	606
Rental income	476	592
	26,248	61,002

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 30).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

22 REVENUE (CONTINUED)

	Trading, recycling and and refining of e-waste/metals		Property investments and management		Piling contracts, construction, rental and servicing of machinery		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Primary geographical markets:								
Singapore	2,546	5,539	3,320	17,998	9,243	19,701	15,109	43,238
Hong Kong and China	8,329	15,438	–	–	–	–	8,329	15,438
Malaysia	826	–	–	–	–	–	826	–
Europe	1,147	1,359	–	–	–	–	1,147	1,359
Other countries	361	375	–	–	–	–	361	375
	<u>13,209</u>	<u>22,711</u>	<u>3,320</u>	<u>17,998</u>	<u>9,243</u>	<u>19,701</u>	<u>25,772</u>	<u>60,410</u>
Major products/service line								
Sale of goods	13,209	22,711	–	–	–	–	13,209	22,711
Revenue from construction contracts	–	–	–	–	144	12,774	144	12,774
Revenue from piling contracts	–	–	–	–	8,793	6,321	8,793	6,321
Rental income from investment properties	–	–	3,320	17,998	–	–	3,320	17,998
Revenue from rental of machinery and equipment	–	–	–	–	306	606	306	606
	<u>13,209</u>	<u>22,711</u>	<u>3,320</u>	<u>17,998</u>	<u>9,243</u>	<u>19,701</u>	<u>25,772</u>	<u>60,410</u>
Timing of revenue recognition								
Products transferred at a point in time	13,209	22,711	–	–	–	18	13,209	22,729
Products and services transferred over time	–	–	–	–	9,243	19,683	9,243	19,683
	<u>13,209</u>	<u>22,711</u>	<u>–</u>	<u>–</u>	<u>9,243</u>	<u>19,701</u>	<u>22,452</u>	<u>42,412</u>
Rental income	–	–	3,320	17,998	–	–	3,320	17,998
	<u>13,209</u>	<u>22,711</u>	<u>3,320</u>	<u>17,998</u>	<u>9,243</u>	<u>19,701</u>	<u>25,772</u>	<u>60,410</u>

23 OTHER INCOME

	2018 \$'000	2017 \$'000
Fair value gain on investment properties	6,266	–
Foreign exchange loss	(161)	(105)
Gain on disposal of property, plant and equipment	28	281
Government grants	114	130
Gain on disposal of other investments	–	24,038
Rental income on subleased properties	317	468
Others	180	223
	<u>6,744</u>	<u>25,035</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24 OTHER EXPENSES

	2018 \$'000	2017 \$'000
Allowance for impairment loss on property, plant and equipment	–	413
Fair value loss on investment properties	–	26,536
Loss on disposal of a subsidiary	–	34,664
Pre-operating expenses of PTF project	47	56
Property, plant and equipment written off	59	–
	<u>106</u>	<u>61,669</u>

25 FINANCE INCOME AND FINANCE COSTS

	2018 \$'000	2017 \$'000
Finance income:		
– Cash and cash equivalents	<u>19</u>	<u>78</u>
Finance costs:		
– Bank overdrafts	–	(87)
– Bank loans	(2,863)	(12,263)
– Finance leases	(9)	(19)
– Trust receipts	–	(155)
– Loan from a related company	–	(76)
Others	–	(3)
	<u>(2,872)</u>	<u>(12,603)</u>
Net finance costs recognised in profit or loss	<u>(2,853)</u>	<u>(12,525)</u>

26 PROFIT/(LOSS) BEFORE TAXATION

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

	2018 \$'000	2017 \$'000
Contributions to defined contribution plans included in staff costs	353	457
Depreciation of property, plant and equipment	2,084	3,142
Audit fees paid/payable to auditors of the Company	236	266
Non-audit fees paid to auditors of the Company	19	44
Changes in inventories of finished goods and work in progress	8,778	16,453
Allowance for/(reversal of allowance for) write-down of inventories	84	(229)
Staff costs	<u>5,224</u>	<u>6,062</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

27 INCOME TAX EXPENSE

	Note	Group	
		2018 \$'000	2017 \$'000
Current tax expense			
– Current year		43	835
– Over provided in prior years		(9)	(7)
		<u>34</u>	<u>828</u>
Deferred tax expense			
Origination and reversal of temporary differences	20	–	(101)
		<u>34</u>	<u>727</u>
Reconciliation of effective tax rate			
Profit/(loss) before tax from continuing operations		3,725	(39,862)
Tax calculated using Singapore tax rate of 17% (2017: 17%)		633	(6,777)
Income not subject to tax		(1,069)	(4,172)
Expenses not deductible for tax purposes		339	11,374
Utilisation of prior year's capital allowance brought forward		(120)	(295)
Utilisation of prior year's tax losses brought forward		(288)	–
Utilisation of current year tax losses		–	(110)
Deferred tax assets not recognised		607	714
Tax incentives		(59)	–
Over provided in prior years		(9)	(7)
		<u>34</u>	<u>727</u>

The following temporary differences have not been recognised:

	Group	
	2018 \$'000	2017 \$'000
Deductible temporary differences	13,691	13,426
Unutilised tax losses	71,684	70,126
Unutilised capital allowances	587	1,242
	<u>85,962</u>	<u>84,794</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

28 EARNINGS PER SHARE

Profit/(loss) attributable to ordinary shareholders

The calculation of basic and diluted earnings per share at 31 December 2018 was based on profit attributable to ordinary shareholders of \$520,000 (2017: loss attributable to ordinary shareholders of \$10,190,000), and a weighted-average number of ordinary shares outstanding of 1,031,802,000 (2017: 1,026,650,000), calculated as follows:

	2018 \$'000	2017 \$'000
Profit/(loss) attributable to ordinary shareholders	520	(10,190)

	Group	
	2018 '000	2017 '000
Profit/(loss) attributable to ordinary shareholders	520	(10,190)

Weighted-average number of ordinary shares

Issued ordinary shares at 1 January, representing weighted-average number of ordinary shares during the year

1,031,802	1,026,650
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In 2018 and 2017, 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 15) is immaterial.

29 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 15 – Share Award Scheme.

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

	Group	
	2018 \$'000	2017 \$'000
Short-term employee benefits	1,462	1,661
Post-employment benefits (including contribution to Central Provident Fund)	75	90
Directors' fees paid/payable to directors of the Group	136	136

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

29 RELATED PARTIES (CONTINUED)

Other transactions with key management personnel

	Note	Group	
		2018 \$'000	2017 \$'000
Receipt of quasi-equity loans from a related company	(i)	–	5,224
Repayment to a related party	(ii)	(3,228)	(4,547)
Repayment to a non-controlling interest	(ii)	(1,168)	(32,539)
Repayment to a related company	(ii)	–	(3,910)

(i) The Group has made available quasi-equity loans of up to an aggregate amount of \$8 million to a related company, which the Company's controlling shareholder has a controlling interest in. As at 31 December 2017, the outstanding loan to a related company has been fully repaid as a result of the Group's disposal of its unquoted equity investments in the related company.

(ii) Details of the loans are disclosed in note 21.

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.

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	
	2018 \$'000	2017 \$'000
Management fee from subsidiaries	1,948	2,777
Interest income from subsidiaries	56	26
Interest expense paid to subsidiaries	(432)	(306)

30 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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

30 OPERATING SEGMENTS (CONTINUED)

- (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.

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 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

30 OPERATING SEGMENTS (CONTINUED)

Information about reportable 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 2017					
External revenue	22,711	17,998	19,701	–	60,410
Inter-segment revenue	5,956	1,807	–	–	7,763
Depreciation of property, plant and equipment	(242)	(388)	(1,841)	(5)	(2,476)
Reportable segment profit/(loss) before tax and finance costs	3,562	(50,148)	(279)	401	(46,464)
Other material non-cash items:					
– Reversal of/(allowance for) impairment loss on trade and other receivables	182	–	(32)	–	150
– Amortisation of deferred income	193	–	–	–	193
– Fair value loss on investment properties, net	–	(26,536)	–	–	(26,536)
– Finance income	–	12	–	–	12
– Finance costs	(291)	(10,287)	(105)	(15)	(10,698)
– Gain on disposal of property, plant and equipment	11	–	52	218	281
– Impairment loss on property, plant and equipment	–	–	(413)	–	(413)
– Loss on disposal of a subsidiary	–	(34,664)	–	–	(34,664)
– Property, plant and equipment written off	*	–	–	–	*
– Reversal of allowance for write-down of inventories	229	–	–	–	229
Reportable segment assets	3,447	139,849	13,787	409	157,492
Capital expenditure	1,149	14	30	–	1,193
Reportable segment liabilities	1,904	115,839	8,180	2,779	128,702

* Denotes amount < \$1,000

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

	2018 \$'000	2017 \$'000
Revenue		
Total revenue for reportable segments	25,772	68,173
Unallocated revenue	476	592
Elimination of inter-segment revenue	–	(7,763)
Consolidated revenue	26,248	61,002
Profit or loss		
Total profit/(loss) for reportable segments before tax and finance costs	9,714	(46,464)
Unallocated amounts:		
– Other corporate (expenses)/income	(5,989)	6,602
Consolidated profit/(loss) before tax from continuing operations	3,725	(39,862)



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

30 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items (continued)

	2018 \$'000	2017 \$'000
Assets		
Total assets for reportable segments	154,011	157,492
Other unallocated amounts	14,407	30,701
Consolidated total assets	168,418	188,193
Liabilities		
Total liabilities for reportable segments	113,194	128,702
Other unallocated amounts	11,665	16,522
Consolidated total liabilities	124,859	145,224

Other material items

	Reportable segment totals \$'000	Adjustments \$'000	Consolidated totals \$'000
31 December 2018			
Allowance for impairment loss on trade and other receivables	(93)	–	(93)
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
Allowance for write-down of inventories	(84)	–	(84)
Property, plant and equipment written off	(59)	–	(59)
31 December 2017			
Reversal of allowance for impairment loss on trade and other receivables	150	–	150
Amortisation of deferred income	193	40 ^a	233
Capital expenditure	1,193	31 ^a	1,224
Depreciation of property, plant and equipment	(2,476)	(666) ^a	(3,142)
Fair value loss on investment properties	(26,536)	–	(26,536)
Finance costs	(10,698)	(1,905) ^a	(12,603)
Finance income	12	66 ^a	78
Gain on disposal of property, plant and equipment	281	–	281
Impairment loss on property, plant and equipment	(413)	–	(413)
Loss on disposal of subsidiary	(34,664)	–	(34,664)
Reversal of allowance for write-down of inventories	229	–	229

a Other unallocated amounts.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

30 OPERATING SEGMENTS (CONTINUED)

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 2018		
Singapore	15,585	150,544
Hong Kong and China	8,329	–
Malaysia	826	–
Europe	1,147	–
Other countries	361	–
	26,248	150,544
31 December 2017		
Singapore	43,830	156,191
Hong Kong and China	15,438	–
Malaysia	–	–
Europe	1,359	–
Other countries	375	–
	61,002	156,191

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

Major customer

In 2018, revenue from a customer of the Group's trading, recycling and refining of e-waste/metals segment represents approximately 10% of the Group's revenue for 2018. In 2017, revenue from a customer of the Group's piling contracts, construction, rental and servicing of machinery segment represents approximately 21% (1 Jan 2017: 36%) of the Group's revenue for 2017.

31 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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

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.

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:

	2018 \$'000	Group 2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	Company 2017 \$'000	1 Jan 2017 \$'000
Contractors	4,756	3,918	2,308	–	–	–
Developer	1,795	2,479	9,742	–	–	–
Traders	247	273	694	–	–	–
Tenants	5	*	28	–	–	–
Others	1,963	2,450	3,000	9,752	22,231	51,724
	8,766	9,120	15,772	9,752	22,231	51,724

* Denotes amount <\$1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

The Group's most significant customer, a developer, accounts for \$1,795,000 (2017: \$2,479,000; 1 Jan 2017: \$9,742,000) of the Group's financial assets at amortised cost carrying amount as at 31 December 2018. Amounts due from subsidiaries accounts for 99.9% (2017: 99.9%; 1 Jan 2017: 99.4%) of the Company's financial assets at amortised cost as at 31 December 2018.

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

	2018		2017	1 Jan 2017
	Not credit- impaired \$'000	Credit- impaired \$'000	\$'000	\$'000
Group				
Other customers:				
– Four or more years' trading history with the Group *	581	103	261	6,562
– Less than four years' trading history with the Group *	8,103	–	8,904	9,189
Higher risk	64	335	291	529
Total gross carrying amount	8,748	438	9,456	16,280
Loss allowance	–	(420)	(336)	(508)
	8,748	18	9,120	15,772

* Excluding higher risk

As at reporting date, the Company held non-trade receivables from its subsidiaries of \$6,241,000 (2017: \$14,383,000; 1 January 2017: \$45,082,000). 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.

Comparative information under FRS 39

An analysis of the credit quality of loans and receivables, contract asset and loans to a subsidiary that were neither past due nor impaired and the ageing of these balances that were past due but not impaired is as follows:

	2018		2017		1 Jan 2017	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Group						
Not past due	7,241	(103)	8,378	(70)	14,508	(77)
Past due 0 – 30 days	532	–	428	–	614	–
Past due 31 – 120 days	807	–	208	–	592	–
Past due 121 – 365 days	207	–	151	(17)	37	(4)
More than one year	399	(317)	291	(249)	529	(427)
	9,186	(420)	9,456	(336)	16,280	(508)
Company						
Not past due	24,516	(581)	47,343	(25,112)	76,765	(25,041)

The Group's impaired balances at 31 December 2018 had a gross carrying amount of \$438,000 (2017: \$410,000; 1 January 2017: \$550,000). At 31 December 2017, the individual impairment losses of the Group related to several customers that had indicated that they were not expecting to be able to pay their outstanding balances, mainly due to economic circumstances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss assessment ("ECL") for corporate customers as at 1 January and 31 December 2018

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 as at 31 December 2018:

	Weighted average loss rate %	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group				
Not past due	0.35	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	59.59	399	(317)	Yes
		<u>9,186</u>	<u>(420)</u>	

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 January	337	508	25,112	25,041
Allowance for/(reversal of) impairment loss	93	(150)	(2,857)	71
Reversal of impairment loss – loan forgiveness	(13)	(11)	(21,674)	–
Translation difference	3	(11)	–	–
At 31 December	<u>420</u>	<u>336</u>	<u>581</u>	<u>25,112</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

Cash and cash equivalents

The Group held cash and cash equivalents of \$5,376,000 at 31 December 2018 (2017: \$21,266,000; 1 January 2017: \$3,107,000). The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- to AA+, 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 to those used for debt investments. 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 2018, the Group is in net current asset position of \$3,175,000 (2017: \$12,659,000; 1 January 2017: net current liabilities of \$57,444,000). 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. In 2017, the improvement in the Group's net current asset position is due to the Group's repayment of majority of its loans and borrowings during the year. The sources of fund were from the proceeds received from the disposal of a subsidiary (see note 35) and other investments during year.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to liquidity risk

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

	Carrying amount \$'000	Cash flows			
		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					
Variable interest rate loans	97,867	(121,885)	(6,744)	(26,578)	(88,563)
Finance lease liabilities	227	(237)	(120)	(117)	–
Bank overdrafts	–	–	–	–	–
Trust receipts	–	–	–	–	–
Trade and other payables	26,722	(26,722)	(10,545)	(16,177)	–
	<u>124,816</u>	<u>(148,844)</u>	<u>(17,409)</u>	<u>(42,872)</u>	<u>(88,563)</u>
31 December 2017					
Non-derivative financial liabilities					
Variable interest rate loans	109,132	(139,258)	(7,160)	(27,745)	(104,353)
Finance lease liabilities	378	(393)	(206)	(187)	–
Bank overdrafts	–	–	–	–	–
Trust receipts	–	–	–	–	–
Trade and other payables	35,679	(35,679)	(15,106)	(20,573)	–
	<u>145,189</u>	<u>(175,330)</u>	<u>(22,472)</u>	<u>(48,505)</u>	<u>(104,353)</u>
1 January 2017					
Non-derivative financial liabilities					
Variable interest rate loans	409,644	(474,769)	(55,621)	(301,123)	(118,025)
Finance lease liabilities	802	(834)	(408)	(426)	–
Bank overdrafts	2,234	(2,355)	(2,355)	–	–
Trust receipts	12,746	(13,110)	(13,110)	–	–
Trade and other payables*	87,405	(87,625)	(23,813)	(63,812)	–
	<u>512,831</u>	<u>(578,693)</u>	<u>(95,307)</u>	<u>(365,361)</u>	<u>(118,025)</u>
Company					
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	561	(561)	(561)	–	–
Intra-group financial guarantees	–	(68,304)	(4,485)	(17,496)	(46,323)
	<u>561</u>	<u>(68,865)</u>	<u>(5,046)</u>	<u>(17,496)</u>	<u>(46,323)</u>
31 December 2017					
Non-derivative financial liabilities					
Trade and other payables	23,826	(23,826)	(20,598)	(3,228)	–
Intra-group financial guarantees	–	(77,599)	(4,636)	(17,845)	(55,118)
	<u>23,826</u>	<u>(101,425)</u>	<u>(25,234)</u>	<u>(21,073)</u>	<u>(55,118)</u>
1 January 2017					
Non-derivative financial liabilities					
Variable interest rate loan	30,000	(31,325)	(31,325)	–	–
Trade and other payables	29,838	(30,223)	(30,223)	–	–
Intra-group financial guarantees	–	(388,468)	(35,594)	(291,179)	(61,695)
	<u>59,838</u>	<u>(450,016)</u>	<u>(97,142)</u>	<u>(291,179)</u>	<u>(61,695)</u>

* Excludes deferred income



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

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.

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		
	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000	2018 \$'000	2017 \$'000	1 Jan 2017 \$'000
Fixed rate instruments						
Financial assets	3,064	1,609	6,427	5,900	–	18,454
Financial liabilities	(227)	(378)	(802)	(12,814)	(18,832)	(10,728)
	<u>2,837</u>	<u>1,231</u>	<u>5,625</u>	<u>(6,914)</u>	<u>(18,832)</u>	<u>7,726</u>
Variable rate instruments						
Financial assets	–	19,657	1,904	–	9,817	53
Financial liabilities	(97,867)	(109,132)	(428,534)	(4,986)	–	(33,910)
	<u>(97,867)</u>	<u>(89,475)</u>	<u>(426,630)</u>	<u>(4,986)</u>	<u>9,817</u>	<u>(33,857)</u>

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 2017.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

Group	Profit or loss	
	100 bp increase \$'000	100 bp decrease \$'000
2018		
Variable interest rate loans	(979)	979
2017		
Variable interest rate loans	(895)	895
Company	\$'000	\$'000
2018		
Variable interest rate loans	(50)	50
2017		
Variable interest rate loans	98	(98)

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 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

	SGD \$'000	USD \$'000	EUR \$'000
Group			
31 December 2017			
Trade and other receivables	729	–	86
Cash and cash equivalents	1,250	10	10
Loans and borrowings	(6)	–	–
Trade and other payables	(891)	–	(39)
Net statement of financial position exposure	1,082	10	57
1 January 2017			
Trade and other receivables	335	1	86
Cash and cash equivalents	330	8	10
Loans and borrowings	(3,494)	(13)	–
Trade and other payables	(656)	(3)	(39)
Net statement of financial position exposure	(3,485)	(7)	57

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 2017.

	Profit/(Loss) before tax Group \$'000
31 December 2018	
SGD	52
USD	*
EUR	(22)
31 December 2017	
SGD	108
USD	(1)
EUR	(6)

* 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

Equity price risk

Equity price risk arises from available-for-sale securities held for earning long-term income as well as investments at fair value through profit or loss. Management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company's Board of Directors.

The primary goal of the Group's investment strategy is to maximise long-term profits for the Group. In accordance with this strategy, certain equity investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis, while the remaining investments are classified as available-for-sale because the Group intends to hold those investments over longer period to earn income in the form of dividends.

Sensitivity analysis

The Group is not exposed to significant equity price risk on its investments at fair value through profit or loss.

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.

Note	Carrying amount					Fair value			
	FVOCI – Equity instruments	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
31 December 2018									
Financial assets									
measured at fair value									
Other investments (quoted equity securities)	9	–	–	–	–	–	–	–	–
Financial assets not									
measured at fair value									
Cash and cash equivalents	13	–	–	5,376	–	5,376			
Loans and receivables (inclusive of contract assets)	10	–	–	8,766	–	8,766			
		–	–	14,142	–	14,142			
Financial liabilities not									
measured at fair value									
Loans and borrowings	19	–	–	–	(98,094)	(98,094)	–	(98,104)	–
Trade and other payables	21	–	–	–	(26,722)	(26,722)			
		–	–	–	(124,816)	(124,816)			

* Denotes amount < \$1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

	Note	Carrying amount				Fair value				
		Financial assets available for sale \$'000	Financial assets designated at fair value through profit or loss \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group										
31 December 2017										
Financial assets measured at fair value										
Other investments (quoted equity securities)	9	–	*	–	–	*	*	–	–	*
Financial assets not measured at fair value										
Cash and cash equivalents	13	–	–	21,266	–	21,266				
Loans and receivables (inclusive of contract assets)	10	–	–	9,120	–	9,120				
		–	–	30,386	–	30,386				
Financial liabilities not measured at fair value										
Loans and borrowings	19	–	–	–	(109,510)	(109,510)	–	(109,525)	–	(109,525)
Trade and other payables	21	–	–	–	(35,679)	(35,679)				
		–	–	–	(145,189)	(145,189)				
1 January 2017										
Financial assets measured at fair value										
Other investments (quoted equity securities)	9	–	*	–	–	*	*	–	–	*
Financial assets not measured at fair value										
Cash and cash equivalents	13	–	–	3,107	–	3,107				
Other investments (available-for-sale)	9	5,224	–	–	–	5,224				
Loans and receivables (inclusive of contract assets)	10	–	–	15,772	–	15,772				
		5,224	–	18,879	–	24,103				
Financial liabilities not measured at fair value										
Loans and borrowings	19	–	–	–	(425,426)	(425,426)	–	(425,458)	–	(425,458)
Trade and other payables [^]	21	–	–	–	(87,405)	(87,405)				
		–	–	–	(512,831)	(512,831)				

* Denotes amount < \$1,000

[^] Excludes deferred income

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31 FINANCIAL INSTRUMENTS (CONTINUED)

Note	Carrying amount				Fair value			
	FVOCI – Equity instruments \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
	Company							
31 December 2018								
Financial assets not measured at fair value								
Cash and cash equivalents								
13	–	493	–	493				
Loans and receivables								
7	–	14,183	–	14,183				
Loans and receivables								
10	–	9,752	–	9,752				
	–	24,428	–	24,428				
Financial liabilities not measured at fair value								
Trade and other payables								
21	–	–	(20,887)	(20,887)				
Company								
31 December 2017								
Financial assets not measured at fair value								
Cash and cash equivalents								
13	–	9,819	–	9,819				
Loans and receivables								
10	–	22,231	–	22,231				
	–	32,050	–	32,050				
Financial liabilities not measured at fair value								
Trade and other payables								
21	–	–	(23,826)	(23,826)				
1 January 2017								
Financial assets not measured at fair value								
Cash and cash equivalents								
13	–	53	–	53				
Other investments (available-for-sale)								
9	5,224	–	–	5,224				
Loans and receivables								
10	–	51,724	–	51,724				
	5,224	51,777	–	57,001				
Financial liabilities not measured at fair value								
Loans and borrowings								
19	–	–	(30,000)	(30,000)	–	(30,000)	–	(30,000)
Trade and other payables								
21	–	–	(29,838)	(29,838)				
	–	–	(59,838)	(59,838)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32 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.

Cranes and piling machineries

External, independent valuation company, Hilco Appraisal Singapore Pte Ltd, having appropriate recognised professional qualifications and recent experience in the type of plant and machinery being valued, value the Group's certain units of cranes and piling machineries. The fair values were based on market values (i.e. market comparison approach), being the estimated amount for which a plant and machinery 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 is based on transaction price of similar plant and machinery from observable market data.

Investment properties

External, independent valuation company, Teho Property Consultants Pte Ltd (2017: Teho Property Consultants Pte Ltd; 2016: ECG Consultancy Pte Ltd), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the Group's strata units at Lam Soon Industrial Building located at 63 Hillview Avenue, Singapore 669569 (2016: Included a commercial property, PoMo, located at 1 Selegie Road, Singapore 188306, which was disposed as a result of the disposal of a subsidiary during the year (see note 35)).

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.

Investments in equity securities

The fair value of investments in quoted equity securities is determined by reference to their quoted closing bid prices at the measurement date.

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.

Financial guarantees

The value of financial guarantees provided by the Company to its subsidiaries and a related company is determined by reference to the amortised cost of the probable specified payments required to reimburse the holder for the loss it incurs as a result of the subsidiaries and/or the related party's failure to meet payment when due in accordance with the original or modified terms of a debt instrument. Management of the Group has determined that probability of default by its subsidiaries and/or related party was remote and immaterial at year-end.

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32 MEASUREMENT OF FAIR VALUES (CONTINUED)

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).

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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
31 December 2018				
Investment properties and investment properties classified as current assets held for sale	–	–	136,050	136,050
Cranes and piling machines	–	–	5,260	5,260
31 December 2017				
Investment properties and investment properties classified as current assets held for sale	–	–	139,350	139,350
Cranes and piling machines	–	–	6,188	6,188
1 January 2017				
Investment properties and investment properties classified as current assets held for sale	–	–	549,900	549,900
Cranes and piling machines	–	–	7,831	7,831

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32 MEASUREMENT OF FAIR VALUES (CONTINUED)

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 \$'000
Group	
Balance at 1 January 2017	546,720
Additions – Renovation	12
Losses for the period:	
Changes in fair value – Other expenses – Realised	(10,334)
Changes in fair value – Other expenses – Unrealised	(26,536)
Disposal of a subsidiary, including renovation capitalised during the year	(370,512)
Balance at 31 December 2017	<u>139,350</u>
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	<u>134,700</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

33 COMMITMENTS

As at 31 December 2018, the Group has entered into contract to purchase plant and machineries for its trading, recycling and refining of e-waste/metals business for \$314,000, of which \$237,000 has been incurred (2017: \$203,000).

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

	Group	
	2018 \$'000	2017 \$'000
(a) Non-cancellable operating leases payable:		
– Within 1 year	1,096	1,280
– After 1 year but within 5 years	1,228	2,508
– After 5 years	3,069	3,708
	<u>5,393</u>	<u>7,496</u>
(b) Non-cancellable operating lease rentals receivable:		
– Within 1 year	2,951	3,718
– After 1 year but within 5 years	2,251	2,479
	<u>5,202</u>	<u>6,197</u>

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.

34 CONTINGENT LIABILITIES

The Company issued financial guarantees to certain banks in respect of banking facilities granted to certain subsidiaries amounting to \$75,147,000 (2017: \$92,875,000), of which the amount drawn down at 31 December 2018 was \$68,305,000 (2017: \$77,599,000). The periods in which the financial guarantees will expire are as follows:

	2018 \$'000	2017 \$'000
Within 1 year	4,486	4,636
After 1 year but within 5 years	17,496	17,845
After 5 years	46,323	55,118
	<u>68,305</u>	<u>77,599</u>

As at 31 December 2017, the Company has sold its entire interest in CPM. As a result, the quasi-equity loans and indemnity on the corporate guarantee have been fully redeemed and terminated respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

35 DISPOSAL OF A SUBSIDIARY

In 2017, the Group sold a subsidiary within the property investments and management segment, F2S1 Investment Pte Ltd ("F2S1"), for a net consideration of \$331.4 million. The net assets of the subsidiary disposed include an investment property, PoMo, which carrying value was \$370.5 million on transaction date. The disposal was completed in December 2017, and F2S1 ceased to be a subsidiary of the Group thereafter. The disposal of F2S1 had the following effect on the Group's assets and liabilities on the disposal date:

	2017 \$'000
Net assets disposed	366,068
Loss on disposal	(34,664)
Consideration	331,404
Consideration satisfied through repayment of loans and borrowings:	
– Principal	(288,500)
– Accrued interest and other related expenses	(1,003)
Consideration to be received	(162)
Transaction costs to be paid	1,239
Consideration received, satisfied in cash	42,978
Cash and cash equivalent disposed of	(1,270)
Net cash inflow from the disposal	41,708

36 SUBSEQUENT EVENTS

On 22 January 2019, the Group's 80.25% owned indirect subsidiary, HLS Property Pte Ltd, entered into a sale and purchase agreement to secure the right to purchase a leasehold property located at 3 Gul Crescent, Singapore 629519 for a cash consideration of \$10,100,000. The Group intends to use the property for the Group's trading, recycling and refining of e-waste/metals business.

The purchase is expected to be completed by 3 June 2019, subject to approval from the authority.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements.

An explanation of how the transition from previous FRS to SFRS(I) has affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 on the Group's and the Company's financial positions as at 1 January 2017, 31 December 2017 and 1 January 2018. There were no material adjustments to the Group's statement of cash flows for the year ended 31 December 2017 arising on the transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's equity Consolidated statement of financial position

	Note	31 December 2017			1 January 2018		
		FRS framework	SFRS(I) 1	SFRS(I) 15	SFRS(I) framework	SFRS(I) framework	
		\$'000	\$'000	\$'000	\$'000	\$'000	
Assets							
Property, plant and equipment		16,833	–	–	16,833	–	16,833
Intangible assets		–	–	–	–	–	–
Investment properties		139,350	–	–	139,350	–	139,350
Subsidiaries		–	–	–	–	–	–
Joint venture		–	–	–	–	–	–
Other investments		*	–	–	*	–	*
Trade and other receivables		8	–	–	8	–	8
Non-current assets		156,191	–	–	156,191	–	156,191
Trade and other receivables	B(i)	9,494	–	–	9,494	–	9,494
Inventories		1,242	–	–	1,242	–	1,242
Cash and cash equivalents		21,266	–	–	21,266	–	21,266
Assets held for sale		–	–	–	–	–	–
Current assets		32,002	–	–	32,002	–	32,002
Total assets		188,193	–	–	188,193	–	188,193
Equity							
Share capital		95,888	–	–	95,888	–	95,888
Foreign currency translation reserve	A(i)	(6,697)	6,936	–	239	–	239
Other reserves		(6,852)	–	–	(6,852)	–	(6,852)
Accumulated losses		(28,707)	(6,936)	–	(35,643)	–	(35,643)
Non-controlling interest		(10,663)	–	–	(10,663)	–	(10,663)
Total equity		42,969	–	–	42,969	–	42,969
Liabilities							
Loans and borrowings		105,308	–	–	105,308	–	105,308
Deferred tax liabilities		–	–	–	–	–	–
Trade and other payables		20,573	–	–	20,573	–	20,573
Non-current liabilities		125,881	–	–	125,881	–	125,881
Loans and borrowings		4,202	–	–	4,202	–	4,202
Trade and other payables		15,106	–	–	15,106	–	15,106
Current tax payables		35	–	–	35	–	35
Current liabilities		19,343	–	–	19,343	–	19,343
Total liabilities		145,224	–	–	145,224	–	145,224
Total equity and liabilities		188,193	–	–	188,193	–	188,193

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's equity Consolidated statement of comprehensive income

		1 January 2017			
	Note	FRS framework \$'000	SFRS(I) 1 \$'000	SFRS(I) 15 \$'000	SFRS(I) framework \$'000
Assets					
Property, plant and equipment		19,884	–	–	19,884
Intangible assets		–	–	–	–
Investment properties		546,720	–	–	546,720
Subsidiaries		–	–	–	–
Joint venture		–	–	–	–
Other investments		5,224	–	–	5,224
Trade and other receivables		69	–	–	69
Non-current assets		571,897	–	–	571,897
Trade and other receivables	B(i)	17,013	–	–	17,013
Inventories		2,725	–	–	2,725
Cash and cash equivalents		3,107	–	–	3,107
Assets held for sale		3,180	–	–	3,180
Current assets		26,025	–	–	26,025
Total assets		597,922	–	–	597,922
Equity					
Share capital	A(i)	95,888	–	–	95,888
Foreign currency translation reserve		(6,936)	6,936	–	–
Other reserves		(6,852)	–	–	(6,852)
Accumulated losses		(18,517)	(6,936)	–	(25,453)
Non-controlling interest		19,929	–	–	19,929
Total equity		83,512	–	–	83,512
Liabilities					
Loans and borrowings		366,978	–	–	366,978
Deferred tax liabilities		278	–	–	278
Trade and other payables		63,685	–	–	63,685
Non-current liabilities		430,941	–	–	430,941
Loans and borrowings		58,448	–	–	58,448
Trade and other payables		23,958	–	–	23,958
Current tax payables		1,063	–	–	1,063
Current liabilities		83,469	–	–	83,469
Total liabilities		514,410	–	–	514,410
Total equity and liabilities		597,922	–	–	597,922

* Under the transition methods chosen, comparative information has not been restated except for separately presenting impairment losses on trade receivables and contract assets to conform to SFRS(I) presentation requirements for the purpose of this note.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's profit or loss
Consolidated statement of comprehensive income

	Year ended 31 December 2017				
	Note	FRS framework \$'000	SFRS(I) 1 \$'000	SFRS(I) 15 \$'000	SFRS(I) framework \$'000
Continuing operations					
Revenue		61,002	–	–	61,002
Cost of sales		(43,278)	–	–	(43,278)
Gross profit		17,724	–	–	17,724
Other income		25,185	–	(150)	25,035
Selling and distribution expenses		(2,546)	–	–	(2,546)
General and administrative expenses		(6,031)	–	–	(6,031)
Other expenses		(61,669)	–	–	(61,669)
Reversal of allowance for impairment on trade receivables and contract assets*	C(ii)	–	–	150	150
Results from operating activities		(27,337)	–	–	(27,337)
Finance income		78	–	–	78
Finance costs		(12,603)	–	–	(12,603)
Net finance costs		(12,525)	–	–	(12,525)
Loss before tax		(39,862)	–	–	(39,862)
Tax expense		(727)	–	–	(727)
Loss for the year		(40,589)	–	–	(40,589)

* Under the transition methods chosen, comparative information has not been restated except for separately presenting impairment losses on trade receivables and contract assets to conform to SFRS(I) presentation requirements for the purpose of this note.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's equity
Consolidated statement of financial position

Note	31 December 2017				1 January 2018	
	FRS	SFRS(I) 1	SFRS(I) 15	SFRS(I)	SFRS(I) 9	SFRS(I)
	framework	\$'000	\$'000	framework	\$'000	framework
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Property, plant and equipment	52	–	–	52	–	52
Subsidiaries	C(iii) 28,717	–	–	28,717	–	28,717
Non-current assets	28,769	–	–	28,769	–	28,769
Other receivables	C(iii) 22,246	–	–	22,246	–	22,246
Cash and cash equivalents	9,819	–	–	9,819	–	9,819
Current assets	32,065	–	–	32,065	–	32,065
Total assets	60,834	–	–	60,834	–	60,834
Equity						
Share capital	95,888	–	–	95,888	–	95,888
Accumulated losses	(58,880)	–	–	(58,880)	–	(58,880)
Total equity	37,008	–	–	37,008	–	37,008
Liabilities						
Other payables	3,228	–	–	3,228	–	3,228
Non-current liabilities	3,228	–	–	3,228	–	3,228
Trade and other payables	20,598	–	–	20,598	–	20,598
Current liabilities	20,598	–	–	20,598	–	20,598
Total liabilities	23,826	–	–	23,826	–	23,826
Total equity and liabilities	60,834	–	–	60,834	–	60,834

* Under the transition methods chosen, comparative information has not been restated except for separately presenting impairment losses on trade receivables and contract assets to conform to SFRS(I) presentation requirements for the purpose of this note.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's equity Consolidated statement of financial position

		1 January 2017			
	Note	FRS framework \$'000	SFRS(I) 1 \$'000	SFRS(I) 15 \$'000	SFRS(I) framework \$'000
Assets					
Property, plant and equipment		124	–	–	124
Subsidiaries	C (iii)	18,298	–	–	18,298
Other investments		5,224	–	–	5,224
Non-current assets		23,646	–	–	23,646
Other receivables	C (iii)	51,974	–	–	51,974
Cash and cash equivalents		53	–	–	53
Current assets		52,027	–	–	52,027
Total assets		75,673	–	–	75,673
Equity					
Share capital		95,888	–	–	95,888
Accumulated losses		(80,053)	–	–	(80,053)
Total equity		15,835	–	–	15,835
Liabilities					
Other payables		11,680	–	–	11,680
Non-current liabilities		11,680	–	–	11,680
Loans and borrowings		30,000	–	–	30,000
Trade and other payables		18,158	–	–	18,158
Current liabilities		48,158	–	–	48,158
Total liabilities		59,838	–	–	59,838
Total equity and liabilities		75,673	–	–	75,673

* Under the transition methods chosen, comparative information has not been restated except for separately presenting impairment losses on trade receivables and contract assets to conform to SFRS(I) presentation requirements for the purpose of this note.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Notes to the reconciliations

A SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassified the cumulative FCTR of \$6,936,000 as at 1 January 2017 determined in accordance with FRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR decreased by \$6,936,000 and accumulated losses increased by the same amount as at 31 December 2017.

B SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below.

The Group has applied the following practical expedients as allowed under SFRS(I).

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.
- For contracts modified before 1 January 2017, the Group has reflected the aggregate effect of all of the modifications that occurred before 1 January 2017 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been higher.
- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Company expects to recognise that amount as revenue.

The impact upon the adoption of SFRS(I) 15 are described below.

(i) Presentation of contract assets

On adopting SFRS(I) 15, the Group has changed the presentation of 'Construction contract in progress' of \$8,000 as at 31 December 2017 and \$6,152,000 as at 1 January 2017 by reclassifying the balances to 'Contract assets' in the 'Trade and other receivables' (see note 10).

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

C SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial asset is held;
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
 - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial instruments.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

37 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

(i) Classification of financial assets and financial liabilities (continued)

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39	New carrying amount under SFRS(I) 9
Financial assets					
Other investments, including derivatives					
<i>Unquoted equity investment</i>	(a)	Available-for-sale	FVOCI – equity instrument	– [^]	– [^]
Quoted equity investment	(b)	Designated as at FVTPL	Mandatorily at FVTPL	*	*
Trade and other receivables	(c)	Loans and receivables	Amortised cost	9,494	9,494
Cash and cash equivalents		Loans and receivables	Amortised cost	21,266	21,266
Total financial assets				<u>30,760</u>	<u>30,760</u>

* Denotes less than \$1,000

[^] Nil as at 1 January 2018 as the Group has disposed its unquoted equity investment in 2017 (see note 9)

- (a) Unquoted equity investment represent investment that the Group intends to hold for the long term for strategic purposes. The Group has designated these investments at 1 January 2018 as measured at FVOCI.
- (b) Under FRS 39, these equity investments were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured under FVTPL under SFRS(I) 9.
- (c) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There is no material impact to the carrying amount upon adoption of SFRS(I) 9.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

As a result of the adoption of SFRS(I) 9, the Group presented impairment loss related to trade receivables and contract assets, separately in the statement of profit or loss. As a result, the Group reclassified impairment loss written back amounting to \$150,000, recognised under FRS 39, from 'other expenses' to 'impairment loss on trade receivables and contract assets' in the consolidated statement of profit or loss for the year ended 31 December 2017.

Additional information about how the Group measures the allowance for impairment is described in note 31.

(iii) Interest in subsidiary

Loans to a subsidiary of \$49,266,000 and \$15,399,000 as at 1 January 2017 and 31 December 2017 respectively, are classified as loans and receivables. On adoption of SFRS(I) 9 the loans are classified as financial assets at amortised cost. Allowance for impairment on these loans on adoption of SFRS(I) 9 is insignificant.

The loans are unsecured, interest-free and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current as interest in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

38 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier applications 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 effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- 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)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group is described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

38 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

i. The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments increment or inflation are included in the measurement of lease liabilities as at date of initial application. In addition, the Group will no longer recognise provisions for operating leases that it assessed to be onerous. Instead, the Group will include the payments due under the lease in their lease liability.

As at 1 January 2019, the Group expects an increase in ROU assets of \$5,625,000, an increase finance lease receivables from sublease of \$109,000, an increase in lease liabilities of \$5,734,000. The Company expects an increase in ROU asset and lease liabilities of \$61,000 as at 1 January 2019.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases. The Group and the Company do not expect the adoption of SFRS(I) 16 to impact their ability to comply with the Group's and Company's loan covenants.

ii. The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Group will reassess the classification of sub-leases in which the Group is a lessor. Based on the information currently available, the Group expects that it will reclassify two sub-lease as a finance lease, resulting in recognition of a finance lease receivable of \$109,000 as at 1 January 2019.

No significant impact is expected for other leases in which the Group is a lessor.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

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 15 March 2019.

* 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	66	4.03	1,173	0.00
100 – 1,000	87	5.32	62,908	0.01
1,001 – 10,000	470	28.71	2,834,931	0.27
10,001 – 1,000,000	960	58.64	103,009,955	9.96
1,000,001 AND ABOVE	54	3.30	927,837,175	89.76
Total	1,637	100.00	1,033,746,142	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	NG AH HUA	212,342,864	20.54
2	HONG LEONG FINANCE NOMINEES PTE LTD	200,464,800	19.39
3	SEOW BAO SHUEN	82,838,025	8.01
4	CITIBANK NOMINEES SINGAPORE PTE LTD	79,311,886	7.67
5	SU MING TONG	51,841,076	5.01
6	HUANG YUZHU	45,500,000	4.40
7	UNG YOKE HOOI	35,960,000	3.48
8	CHEW GHIM BOK	32,538,333	3.15
9	TAN TAI KIM	27,552,500	2.67
10	DBS NOMINEES (PRIVATE) LIMITED	24,741,292	2.39
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,686,060	1.13
12	NG CHUEN GUAN	10,137,549	0.98
13	LOH PENG LING (LU PINGLING)	8,833,554	0.85
14	ONG CHEE KANG	8,195,625	0.79
15	LOW HWEE THENG	7,987,000	0.77
16	NG SOK ENG	5,480,000	0.53
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,309,007	0.42
18	QUEK BENG WEE (GUO MINGWEI)	4,158,800	0.40
19	UOB KAY HIAN PRIVATE LIMITED	3,962,332	0.38
20	TAN SUNG SUNG	3,727,333	0.36
	TOTAL	861,568,036	83.32



STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2019

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

Name	No. of shares registered in the name of the substantial shareholders	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 No. of Shares	% of Issued Shares
Ng Ah Hua	212,342,864	200,000,000 ¹	5,480,000*	417,822,864	40.42%
Seow Bao Shuen	82,838,025	65,000,000 ²	–	147,838,025	14.30%
Su Ming Tong	51,841,076	2,553,333 ³	2,201,000*	56,595,409	5.47%

Notes:

- (1) This represents Mr Ng Ah Hua's direct interests of 200,000,000 shares held in the name of Hong Leong Finance Nominees Pte Ltd.
(2) This represents Ms Seow Bao Shuen's direct interest of 65,000,000 shares held in the name of Citibank Nominees Singapore Pte Ltd.
(3) 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 15 March 2019, approximately 38.77% of the total number of issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Enviro-Hub Holdings Ltd (the "Company") will be held at 200 Pandan Loop, #05-01 Pantech 21 Singapore 128388 on Thursday, 25 April 2019 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 2018, the Directors' Statement together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve Directors' fees of S\$176,000 for the financial year ending 31 December 2019, payable quarterly in arrears. (2018: S\$176,000) **(Resolution 2)**
- 3(a) To re-elect Mr Raymond Ng Ah Hua, a Director who retires pursuant to Article 107 of the Company's Constitution. **(Resolution 3)**
- 3(b) To re-elect Mr Tan Kok Hiang, a Director who retires pursuant to Article 107 of the Company's Constitution. **(Resolution 4)**
Mr Tan Kok Hiang 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:



NOTICE OF ANNUAL GENERAL MEETING

- (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;
 - (ii) new shares arising from exercising share options or vesting of share awards 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 10 April 2019 ("**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

NOTICE OF ANNUAL GENERAL MEETING

- (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 Renewal 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 Highest Last Dealt Price,

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

NOTICE OF ANNUAL GENERAL MEETING

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);

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the off-market purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

- (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

10 April 2019

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 Raymond Ng Ah Hua and Mr Tan Kok Hiang are set out in the section entitled “Board of Directors” and Table 3 in the Corporate Governance Report of the Company’s 2018 Annual Report.

Mr Raymond Ng Ah Hua is the Executive Chairman and controlling shareholder of the Company.

There are no material relationship (including immediate family relationships) between Mr Tan Kok Hiang and the Company, its related corporations, its substantial shareholders or its officers.

NOTICE OF ANNUAL GENERAL MEETING

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 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 10 April 2019 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 10 April 2019.
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 10 April 2019.
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 Shares 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.

NOTICE OF ANNUAL GENERAL MEETING

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.

The instrument appointing a proxy must be deposited at the registered office of the Company at 200 Pandan Loop, #05-01 Pantech 21 Singapore 128388 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tan Kok Hiang and Mr Raymond Ng Ah Hua are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Thursday, 25 April 2019 ("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 TAN KOK HIANG	MR RAYMOND NG AH HUA
Date of Initial Appointment	21 May 1999	28 October 2004
Date of last re-appointment	28 April 2016	28 April 2016
Age	68	54
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 Tan Kok Hiang for re-election as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Tan Kok Hiang 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 qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Raymond Ng Ah Hua for re-election as Executive Director of the Company. The Board have reviewed and concluded that Mr Raymond Ng Ah Hua 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	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Independent Director, Chairman of the Audit and Remuneration Committees and member of the Nominating Committee.	Executive Chairman, Director and member of the Nominating Committee.
Professional qualifications	Bachelor of Accountancy (Hons)	Nil
Working experience and occupation(s) during the past 10 years	More than 30 years of experience in accounting, corporate finance, strategic planning and business development.	Over 33 years of experience in the recycling and e-waste management & recovery business. He is also an accomplished property developer with more than 18 years of industry experience.
Shareholding interest in the listed issuer and its subsidiaries	2,216,666 ordinary shares	412,342,864 ordinary shares (direct interest) 5,480,000 ordinary shares (deemed interest)
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.	Executive Chairman and controlling Shareholder of the Company.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN KOK HIANG	MR RAYMOND NG AH HUA
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#		
Past (for the last 5 years)	Nil	Nil
Present	(a) Enviro-Hub Holdings Ltd (b) LHT Holdings Ltd (c) Transit-Mixed Concrete Ltd (d) ICP Limited	Enviro-Hub Holdings Ltd and its subsidiaries.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN KOK HIANG	MR RAYMOND NG AH HUA
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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN KOK HIANG	MR RAYMOND NG AH HUA
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN KOK HIANG	MR RAYMOND NG AH HUA
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
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. 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)

Important:

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*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)

--	--	--	--

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the 21st Annual General Meeting ("AGM") of the Company to be held at 200 Pandan Loop, #05-01 Pantech 21 Singapore 128388 on Thursday, 25 April 2019 at 10.30 a.m. and at any adjournment thereof. The *proxy is/proxies are to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM:—

No.	Ordinary Resolutions	For	Against
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018, 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 2019, payable quarterly in arrears. (2018: S\$176,000)		
3	To re-elect Mr Raymond Ng Ah Hua as a Director (Retiring under Article 107).		
4	To re-elect Mr Tan Kok Hiang 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 Renewal 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.		

Please indicate with a tick [✓] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.

Dated this _____ day of _____ 2019

Total Number of Shares Held

--

Signature(s) of Member(s) / Common Seal

* Delete where applicable



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. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
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. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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.
5. 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, Chapter 50 of Singapore.

Fold along this line

Affix
Postage
Stamp
Here

The Company Secretary

ENVIRO-HUB HOLDINGS LTD.

200 Pandan Loop
#05-01 Pantech 21
Singapore 128388

Fold along this line

6. 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 200 Pandan Loop, #05-01 Pantech 21 Singapore 128388 not later than 48 hours before the time set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities 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.
8. 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.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
10. 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.

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 10 April 2019.

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ENVIRO-HUB HOLDINGS LTD
Company Registration No. 199802709E

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